

SEBI Grade A

2022

Phase 1

Paper 1

Memory Based Paper



SECTION: - QUANT

Direction (1-3):- In each of the following questions contain two equations as I and II. You have to solve both equations and determine the relationship between them and choose the answer from the following options.

Q1.

I) $x^2 + 33x + 252 = 0$

II) $y^2 + 7y - 60 = 0$

A. $x > y$

B. $x \geq y$

C. $x = y$ or relationship can't be determined.

D. $x < y$

E. $x \leq y$

Q2.

I) $x = 3y - 24$

II) $15y + 2y^2 = 37y$

A. $x > y$

B. $x \geq y$

C. $x = y$ or relationship can't be determined.

D. $x < y$

E. $x \leq y$

Q3.

I) $x^2 + 17x + 72 = 0$

II) $y^2 + 20y + 99 = 0$

A. $x > y$

B. $x \geq y$

C. $x = y$ or relationship can't be determined.

D. $x < y$

E. $x \leq y$

Q4. Ratio of the time taken by the boat covers 120 km in still water to the time taken by the boat covers 216 km in along with stream is 2:3, the speed of the boat in against stream is what percent of the speed of the boat along with stream?

A. 44.44%

B. 55.55%

C. 66.66%

D. 33.33%

E. Cannot be determined

Direction (5-6) What value should come in the place of (?) in the following number series?

Q5. 15, 16, 20, 29, 45, ?

A.94

B.50

C.65

D.70

E.80

Q6. 19, 34, 64,?, 169, 244

A.100

B.103

C.105

D.107

E.109

Q7. A started the business with an amount of Rs. 12000 and stay in the business for 5 months. B invested Rs. 15000 and be in the business for 8 months. After 4 months from

the start, C started the business with an amount of 200 more than A. If the annual profit is Rs. 138800, then what is the share of profit will B get?

A. Rs.60000

B. Rs.85000

C. Rs.75000

D. Rs.65000

E. None of these

Directions (8-12) :- Read the following information carefully and answer the questions.

The given table shows the total income of the five persons i.e. A, B, C, D and E in the year 2020 and also given the percentage of the saving of five different persons.

Note: The total income of a person= saving + expenditure

Persons	Income in Rs.	Savings %
A	20000	25%
B	15000	20%
C	10000	30%
D	25000	40%
E	12000	15%

Q8. If the saving of person F is 20% more than that of person C and the saving of person F is 25% of the total income and then find the expenditure of person F?

A. Rs.12000

B. Rs.10800

C. Rs.15000

D. Rs.14400

E. None of these

Q9. Find the difference between the expenditure of persons A and C?

A. Rs.8000

B. Rs.7000

C. Rs.5000

- D. Rs.9000
- E. None of these

Q10. Find the ratio of the saving of person B and the expenditure of person D?

- A. 8:5
- B. 7:4
- C. 3:2
- D. 1:5**
- E. None of these

Q11. If the income of person C in the year 2021 is 11% more than that of 2020 and the saving of person C in the year 2021 is 500 more than that of 2020 and then find the expenditure of person C in the year 2021?

- A. Rs.6300
- B. Rs.4500
- C. Rs.7600**
- D. Rs.5400
- E. None of these

Q12. The saving of person E is what percentage of the expenditure of person B?

- A. 24%
- B. 15%**
- C. 32%
- D. 10%
- E. None of these

Direction (13-16):- Read the following information carefully and answer the questions.

Ratio of the total production of apples in January and March is 4:3 and the total production of apples in January, February and March is 800. Difference between the total production of apples and oranges in February is 400 and the total production of

oranges in January and March is 3:2. The total production of apples is 200 less than the total production of oranges in all three months and the total production of oranges in February is equal to the total production of oranges in January and March.

Q13. Out of the total production of apples and oranges in March, 18% and 12% of the apples and oranges are unsold and then find the total production of apples and oranges are sold in March.

A. 198

B. 294

C. 356

D. 422

E. None of these

Q14. Find the difference between the total production of apples in February and March together and the total production of oranges in February?

A. 100

B. 150

C. 120

D. 180

E. None of these

Q15. Find the average production of apples and oranges in January and March?

A. 300

B. 500

C. 600

D. 400

E. None of these

Q16. If the total production of apples and oranges in April is 3 times and $\frac{3}{5}$ of the total production of apples and oranges in February and then find the total production of apples and oranges in April?

- A. 900
- B. 700
- C. 500
- D. 600**
- E. None of these

Q17. A, B and C together can complete the work in 15 days. If the efficiency of B is $\frac{4}{3}$ rd of the efficiency of A and the efficiency of C is four-fifth of the efficiency of A, then in how many days A alone complete the work?

- A. 11.75 days
- B. 28.5 days
- C. 38 days
- D. 47 days**
- E. 52.25 days

Q18. The simple interest on Rs. P at 15% p.a for 2 years is Rs.300 more than the simple interest on Rs.(P + 500) at 12% for 2 years. What is the interest, if (2P + 500) is lent for 2 years at 12% SI rate?

- A. Rs.1750
- B. Rs.2350
- C. Rs.3480**
- D. Rs.4810
- E. None of these

Q19. The number of male employees in the company is 50% more than the number of female employees in the company. If the number of female employees is increased by 40% and the number of male employees in the company is increased by 80%, then now the number of female employees in the company is what percent of the number of male employees in the company?

- A. 48.65%
- B. 51.85%**

C. 55.83%

D. 45.45%

E. 59.34%

Q20. Vessel A contains 60 liters mixture of milk and water in the ratio of 3:2 and vessel B contains x liters mixture of milk and water in the ratio 6:5. If vessel A and B mixture is mixed, then the ratio of the milk and water in the resultant solution is 15:11, then find the value of x?

A. 33 liters

B. 44 liters

C. 55 liters

D. 66 liters

E. None of these

SECTION: - REASONING

Direction (21-24) :- Study the following information carefully and answer the below questions

Eight persons- P, Q, R, S, T, U, V, and W are standing in the college queue to get the application form but not necessarily in the same order. The one who gets application at first is numbered as one and the one who gets immediately after him is numbered as two and so on. Only three persons are standing between U and T. T stands on an even number position immediately before R. P stands on an even number position between U and R. The numbers of persons standing before P is the same as after V. W stands before Q but after S where atleast one person stands between them.

Q21. Who among the following person stands at last?

A. W

B. The one who stands two persons after P

C. The one who stands immediately after T

D. Q

E. R

Q22. How many persons are standing before P?

- A. More than three
- B. No one
- C. One
- D. Two
- E. Three**

Q23. Which of the following statement is/are true?

- I. S is the first person to stand in the queue**
- II. Three persons are standing between W and R**
- III. T stands immediately before Q**

- A. Only I and III
- B. Only III
- C. Only I and II**
- D. Only II
- E. None of these

Q24. What is the position of W from the last of the queue?

- A. Sixth**
- B. Seventh
- C. Third
- D. Fifth
- E. Fourth

Direction (25-28):- Study the following information carefully and answer the below questions

A certain number of persons are seated in the linear row facing the north direction. N sits fourth to the left of Q. Only two persons are seated between Q and L. The number of persons seated between N and L is the same as between L and P. P sits fourth to the right of S. The number of persons seated between S and P is one more than between M

and N. M and P are not immediate neighbours. I sit immediately left of S. Not more than five persons are seated to the right of I. The number of persons seated right of I is one more than to the left of G. G sits second to the left of M. Only three persons are seated between G and T. T neither sits adjacent to Q nor N. More than two persons are seated between T and N.

Q25. How many persons are sitting in the row?

A. 25

B. 24

C. 23

D. 22

E. None of the above

Q26. Who among the following person sits to the left of N?

I. The one who sits immediate right of I

II. The one who sits second to the right of G

III. T

A. Only II and III

B. Only III

C. Only I and II

D. Only II

E. None of these

Q27. How many persons are sitting between M and S?

A. 11

B. 12

C. 13

D. 10

E. 09

Q28. What is the position of S from the right end of the row?

- A. Seventh
- B. Fifth**
- C. Sixth
- D. Eighth
- E. None of the above

Direction (29-32) Study the following information carefully and answer the below questions

Eight persons- P, Q, R, S, T, U, V, and W were born on different dates either 6 or 19 of different months- January, April, June, and July of the same year but not necessarily in the same order. S was born two months before P both were born on an even-numbered date. Only two persons were born between P and U. T was born three months before R. R was not born in April. The number of persons born before R is the same as after W. Q was born before V. Q was not younger than P.

Q29. How many persons were born between Q and V?

- A. Two
- B. Three
- C. Four**
- D. Five
- E. None

Q30. Who among the following person was born immediately before P?

- A. The one who was born immediately after S**
- B. The one who was born two persons before U
- C. V
- D. R
- E. W

Q31. Four of the five among the following are similar in such a way to form a group, which one of the following doesn't belong to the group?

- A. Q

B. W

C. S

D. The one who was born two persons after S

E. The one who was born immediately before U

Q32. On which of the following Date and months does W was born?

A. 19th June

B. 19th April

C. 6th April

D. 19th January

E. 6th July

Q33. In the given number "9657153428" the position of the first and second digits are interchanged, similarly, the position of the third and fourth digits are interchanged, and so on till the end. Then, which of the following digit will be second to the left of the digit which is a fifth from the left end?

A. 9

B. 7

C. 5

D. 6

E. 4

Direction (34-37) :- Study the following information carefully and answer the below questions.

Eight persons – P, Q, R, S, T, U, V and W are sitting around the circular table. Four of them are facing towards the table and four of them are facing outwards the table. Three persons sit between V and R. Both R and V are facing the opposite directions to each other. S sits second to the right of R. W faces the one who sits second to the right of V. U sits third to the left of W. Neither R nor S sits an immediate neighbour of Q. T faces the one who sits second to the left of Q and both are facing the same direction. P facing outwards and the immediate neighbours of P facing the opposite direction to P.

Q34. Who sits fourth to the right of P?

- A. U
- B. W
- C. The person facing W
- D. The one who sits opposite to P**
- E. None of these

Q35. In which of the following statement the third person doesn't sit exactly in the middle of first and second person as per the final arrangement?

- I). UPQ**
- II). TUV**
- III). VRW**
- A. Only II
- B. Only I and III
- C. Only III
- D. All I, II and III
- E. Other than the given option**

Q36. How many persons sit between Q and the one who faces S when counted from the right of Q?

- A. Two
- B. Three
- C. Four
- D. Five
- E. Other than the given option**

Q37. Who among the following one sits second to the left of the one who sits fifth to the left of U?

- A. the One who faces R

B. the One who faces P

C. the One who faces S

D. the One who faces W

E. Other than the given option

Direction (38-39) :- Each of the following questions consist of a statement followed by two arguments I and II. Select whether the argument(s) is/are followed or not.

Q38. Statement: The employees of this public organisation have decided to oppose government control and their push towards cooperative actions with other organisations.

Argument I: Government have no control over its organisations and their actions.

Argument II: An public organisation functions better without cooperative decision making.

A. If only argument II is strong

B. If only argument I is strong

C. If either argument I or II is strong

D. If neither argument I nor II is strong

E. If both argument I and II are strong

Q39. Statement: Should those with tattoos on visible body parts, irrespective of their cultural values, be barred from public appearance?

Argument I: Yes, Public is not comfortable with drawings on natural human skin.

Argument II: Yes, people with tattoos looks disfigured.

A. If only argument II is strong

B. If only argument I is strong

C. If either argument I or II is strong

D. If neither argument I nor II is strong

E. If both argument I and II are strong

Q40. If the consonants of the word "RESERVATION" are changed to the immediate previous letter and vowels are changed to the

immediate next letter as in the English alphabetical series then how many letters are repeated?

- A. More than three
- B. Three
- C. None
- D. Two**
- E. One

Section: - English Language

Directions (41-50): Read the passage given below and answer the questions that follow.

A primitive seabird that prospered about 85 million years ago along the warm, shallow inland sea that once split North America boasted what scientists are calling a surprising blend of traits from its dinosaur ancestors and modern **avian** characteristics. Four new fossils of Ichthyornis, which had both a beak and teeth and lived a lifestyle like modern gulls, offer striking evidence of this Cretaceous Period bird's important position in avian evolutionary history, researchers said on May 2. While Ichthyornis fossils were first unearthed in the 1870s, the new ones from Kansas and Alabama chalk deposits, including a beautifully preserved skull, reveal far more about it than previously known.

Birds evolved from small, feathered dinosaurs. Unlike the earliest-known birds like Archaeopteryx, which lived 150 million years ago, Ichthyornis was a strong flier, its body streamlined, simplified and adapted for the flight like modern birds, Yale University paleontologist Bhart-Anjan Bhullar said. Its primitive characteristics were largely in its skull. "Despite the modernity of its body and wings, it retained almost a full complement of dinosaurian teeth, and it had a strong bite with large, dinosaurian jaw muscles. However, it perceived its world and thought like a bird, with a bird's enormous eyes and expanded modern-looking brain", Bhullar added.

While older primitive birds like Confuciusornis, from 125 million years ago, sported a beak, the small one on Ichthyornis was the first known to have modern attributes like a 'pincer tip' for grasping, pecking and fine manipulation. "Its sharp teeth probably would have assisted in holding onto slippery marine prey, while the incipient beak at the tips of its jaws probably would have allowed it to manipulate objects with fine dexterity such as modern birds can do, and **preen** its feathers", University of Bath paleontologist Daniel Field said.

Ichthyornis was the size of a tern, with a two-foot wingspan, and probably ate fish and shellfish. It shared the skies with flying reptiles called pterosaurs when dinosaurs dominated the land. Toothed birds vanished along with the dinosaurs and many other species after an asteroid impact 66 million years ago. Fossils like those of Ichthyornis and Cretaceous toothed diving bird Hesperornis were cited by 19th-century naturalist Charles

Darwin as strong support for his theory of evolution. "Ichthyornis shows the ways in which evolution is both complex and elegant, permissive of individual changes and massive integrated transformations," Bhullar said.

Que. 41 To which species does Pterosaurs belongs to?

- A. Seabird
- B. Flying reptiles
- C. Dinosaurs
- D. Diving bird
- E. Feathered dinosaur

Que. 42 Who among the following did not give the Theory of Evolution?

- i. Charles Darwin
- ii. Bhart-Anjan Bhullar
- iii. Daniel Field

- A. Only i
- B. All except i
- C. All except ii
- D. All except iii
- E. All i, ii and iii

Que. 43 The above passage is likely to be extracted from a _____?

- I. Scientific magazine
- II. Newspaper
- III. Journal

- A. Only i
- B. All except i
- C. All except ii
- D. All except iii
- E. All i, ii and iii

Que. 44 Toothed birds vanished along with the dinosaurs and many other species after an _____ ago.

- A. asteroid impact 66 million years
- B. asteroid impact 125 million years

- C. asteroid impact 125 billion years
- D. asteroid impact 85 million years
- E. asteroid impact 66 trillion years

Que. 45 When did the Ichthyornis fossils were first unearthed?

- A. 85 million years ago
- B. 125 million years ago
- C. on May 2
- D. in 1870s
- E. 66 million years ago

Que. 46 Which among the following species had its primitive characteristics largely in its skull?

- A. Archaeopteryx
- B. Hesperornis
- C. Confuciusornis
- D. Pterosaurs
- E. Ichthyornis

Que. 47 As used in the last paragraph, what do you understand by the word 'preen'?

- A. Clean
- B. Pity
- C. Pure
- D. Tear
- E. Fear

Que. 48 Ichthyornis have a wingspan of?

- A. 2 foot
- B. 2 inches
- C. 2 metres
- D. 2 centimetres
- E. 2 millimetres

Que. 49 The tone of the author in reference to the above passage is?

- A. Informative

- B. Doubtful
- C. Controversial
- D. Mocking
- E. Criticising

Que. 50 As used in the first paragraph, 'avian' is used in what reference?

- A. Relating to artists
- B. Relating to birds**
- C. Relating to aliens
- D. Relating to human species
- E. Relating to insects

Que. 51 Directions: In the following question, one part of the sentence may have an error. Find out which part of the sentence has an error and click the button corresponding to it. If the sentence is free from error, click the "No error" option.

Climate Change in Glasgow, scheduled later this (A)/ year, is to come down with a domestic climate (B)/ plan that explains to the citizen how it will bring (C)/ green development in this decade, specifying a target by sector for each year. (D)/ No error / (E)

- 1. A
- 2. B**
- 3. C
- 4. D
- 5. No error

Que. 52. Read the following sentence and determine whether there is any error in it. The error, if any, will be in one part of the sentence. If the sentence is error-free, then select 'No Error' as your

Bringing clean renewable energy to low-income countries(A)/ would enable more women and girls to gain access(B)/ to education, as without electricity they often(C)/ lack the means to study after nightfall. (D)

- 1. A
- 2. B
- 3. C
- 4. D
- 5. No error**

Que. 53. Read the following sentence and determine whether there is any error in it. The error, if any, will be in one part of the sentence. If the sentence is error-free, then select 'No Error' as your

The discovery of two new species of dinosaurs, (A)/ namely *Ceratosuchops inferodios* and *Riparovenator milnerae*, which likely(B)/ roamed the south of England 125 million(C)/ years ago, have shed new light on the predators. (D)

1. A
2. B
3. C
4. D
5. No Error

Que. 54. Read the following sentence and determine whether there is an error in it. The error, if any, will be in one part of the sentence. If the sentence is error-free, then select 'No Error' as your

The diameter of a single, cylindrical DNA (A)/ component is always the same, (B)/ regardless to whether it forms part (C)/ of a fruit fly, or a beech tree. (D)

1. A
2. B
3. C
4. D
5. No error

Que. 55 Read the sentence below to find out if there is any error in it. The error, if any, will be in one part of the sentence. The letter of that part is the answer. If there is no error the answer is (5).(Ignore errors in punctuation if any).

Their most significant gains (A)/have been in the north half of the country, (B)/a traditional stronghold of the U.S.allied (C)/ warlords who helped defeat them in 2001(D)/ No Error (E)

1. A
2. B
3. C
4. D
5. E

Direction (Q.56-60): Read the given sentences and arrange them in a coherent and logical order. Answer the questions that follow.

- A.** Over the past year, perceptions of relative U.S. economic power have declined in many of America's key trading partners and allies.
- B.** Following the onset of the financial crisis nearly a decade ago, Europeans increasingly named China, rather than the U.S., as the world's leading economic power.
- C.** This year, however, the pattern has reversed itself again, and in countries such as Germany, the United Kingdom, and Spain, China is once more seen as occupying the top spot.
- D.** But in recent years, as the American economy slowly recovered, the pendulum began to swing back in the direction of the U.S.
- E.** The trend can be seen in several European countries, where views about the economic balance of power have fluctuated in recent years.

Que. 56 Which of the following is the **FIRST** statement?

- 1. A**
- 2. B
- 3. C
- 4. D
- 5. E

Que. 57 Which of the following is the **SECOND** statement?

- 1. A
- 2. B
- 3. C
- 4. D
- 5. E**

Que. 58 Which of the following is the **THIRD** statement?

- 1. A
- 2. B**
- 3. C
- 4. D
- 5. E

Que. 59 Which of the following is the Fourth statement?

1. A
2. B
3. C
4. D
5. E

Que. 60 Which of the following is the FIFTH statement?

1. A
2. B
3. C
4. D
5. E

SECTION: - GENERAL AWARENESS

Q61. ____ edition of winter Olympics in Beijing has taken place in 2022.

- A. 21st
- B. 23rd
- C. 24th
- D. 30th
- E. 32nd

Q62. According to the recently released Economic Survey 2020-21, which of the following sectors is the least impacted by COVID-19 pandemic?

- A. Manufacturing Sector
- B. Services Sector
- C. Agriculture Sector
- D. Industry Sector
- E. Pharmaceutical Sector

Q63. As per the recent announcement by the Union Minister of Commerce and Industry in January 2022, Government has targeted the 650 billion exports in current financial year, what will be the contribution of service sector to achieve the target?

- A. USD 100 billion
- B. USD 250 billion**
- C. USD 300 billion
- D. USD 350 billion
- E. USD 400 billion

Q64. According to recently released Union Budget 2022-23, Period of incorporation for eligible start-ups to avail tax benefit has been extended up to _____.

- A. 31.03.2022
- B. 31.03.2023**
- C. 31.03.2024
- D. 31.03.2025
- E. 31.03.2026

Q65. According to the recently released Union Budget 2022-23, what amount of funds have been exclusively allocated for the hospitality sector under ECLGS?

- A. Rs.25000 Crore
- B. Rs.30000 Crore
- C. Rs.50000 Crore**
- D. Rs.75000 Crore
- E. Rs 100000 Crore

Q66. CBDT has started the POEM initiative to determine the tax payable by a foreign company from year 2018. What does P in POEM stand for_____.

- A. Person
- B. Primary
- C. Presence

D. Place

E. Public

Q67. Senegal national football team has defeated which of the following under the Africa Cup of Nations (AFCON), in February 2022?

A. Tunisia

B. Ghana

C. Egypt

D. Zambia

E. Guinea

Q68. Who among the following has won the Padma Vibushan for Public Affairs?

A. Boris Johnson

B. Shinzo Abe

C. Barack Obama

D. Vladimir Putin

E. Aung San Su Kyi

Q69. According to the recently released Henley Passport Index, what is India's rank?

A. 56th

B. 62nd

C. 83rd

D. 96th

E. 102nd

Q70. Sukla Mistry has become the first woman director of which of the following, the nation's largest oil refining and fuel marketing company in February 2022?

A. Hindustan Petroleum

B. Reliance Petroleum

C. Oil and Natural Gas Corporation

D. Indian Oil Corporation

E. National Thermal Power Corporation Limited

Q71. Which of the following is the world's largest Oil refinery in terms of Market Capitalization in US Dollar?

A. Exxon Mobile, United States of America

B. British Petroleum, United Kingdoms

C. ARAMCO, Saudi Arabia

D. Petrobras, Brazil

E. Enbridge, Canada

Q72. Project MIKE Programme is a site-based system developed under Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES) is related to which among the following?

A. Lion

B. Tiger

C. Rhinos

D. Elephant

E. None of these

Q73. According to the recent newspaper reports Ministry of MNRE has set the target of 550 GW of energy by non fossil fuels to be achieved by which of the following years?

A. 2022

B. 2025

C. 2030

D. 2050

E. 2070

Q74. According to the recent announcement by Union Minister of Civil Aviation in February 2022, how many new airports are to be set up under PM Gati Shakti initiative in the states of Madhya Pradesh, Uttar Pradesh, Chattisgarh, Rajasthan and Maharashtra?

- A. 10
- B. 12
- C. 14
- D. 16**
- E. 20

Q75. Which of the following is not an ed-tech company?

- A. Unacademy
- B. CRED**
- C. Vedantu
- D. BYJUS
- E. Edkeeda

Q76. Recently (December 2021) India and Bangladesh have decided to mark which of the following as Maitri Diwas?

- A. 6th October
- B. 6th November
- C. 6th December**
- D. 6th January
- E. 6th September

Q77. Union Territory of Lakshadweep is a group of _____ islands and is known for its exotic and lush green landscape.

- A. 22
- B. 26
- C. 30

D.36

E. 40

Q78. "Never Scan to receive Money" was a campaign launched by which of the following?

- A. Reserve Bank of India
- B. National Payment Corporation of India
- C. Securities Exchange Board of India
- D. Small Industrial Development Bank of India

E. State Bank of India

Q79. Which of the following general insurance company is a loss-making company:

- I. National India Insurance**
- II. United India Insurance**
- III. Oriental Insurance Company Limited**

- A. I and II
- B. II and III

C. I, II and III

- D. Only II
- E. None of these

Q80 SEBI has recently set up a committee for early detection of market anomalies named ALERTS. What does Le in ALERTS stands for?

A. Leveraging

- B. Liquidity
- C. Learning
- D. Legal
- E. Loss

SEBI Grade A

2022

Phase 1

Paper 2

Memory Based Paper



Q.1) If the strike price is higher than the market price under call option, that one will be called as?

Static or Current – **STATIC**

Subject – **Finance**

Difficulty Level – **MODERATE**

Topic – **Miscellaneous (Basics of Derivatives -options)**

Options:

- (a) At the money
- (b) In the money
- (c) Out of the money
- (d) Advance money
- (e) None of the above

Answer:(c) out of the money

Explanation:

In the Money Options (ITM): In the Money Option is one with strike price better than the spot price for the holder of option. A call option is said to be ITM, when spot price is higher than strike price. And a put option is said to be ITM when spot price is lower than strike price.

Out of the Money (OTM) - Out of the money option is one with strike price worse than the spot price for the holder of option. A call option is said to be OTM, when spot price is lower than strike price. And a put option is said to be OTM when spot price is higher than strike price

At the Money (ATM) - At the money is a situation where an option's strike price is identical to the price of the underlying security. Both call and put options are simultaneously at the money. For example, if XYZ stock is trading at 75, then the call option of XYZ to buy/sell at 75 is at the money and so is put option of XYZ to buy/sell at 75

Q.2. The value of derivative _____?

Static or Current – **STATIC**

Subject – **Finance**

Difficulty Level – **EASY**

Topic – **Basics of Derivative (Forward, Future and Swaps)**

Options:

- (a) Increases

- (b) Decreases
- (c) Remains constant
- (d) Fluctuates with the value of the underlying asset
- (e) None of the above

Answer: (d)

Explanation:

Derivatives, as the name suggests, derive their value from an underlying asset. The price of the derivative depends on and fluctuates with the value of the underlying asset. For example, a derivative of gold will derive its value from the price of gold being traded in the market. If the prices of gold increases, then the value of the gold derivative will also increase.

Q.3) The RBI pays interest on the CRR balance to the banks at _____?

Static or Current – **STATIC**

Subject - **Finance**

Difficulty Level – **Easy**

Topic – **Functions of RBI**

Options:

- (a) 2% above repo rate
- (b) Repo rate
- (c) 2% below bank rate
- (d) Bank Rate
- (e) No interest is paid on the CRR balance

Answer: (e) No interest is paid on the CRR balance

Explanation:

The Reserve Bank of India (Amendment) Act, 2006 was enacted in June 2006. Therein it was decided that RBI will not pay any interest on the eligible CRR balances maintained by scheduled banks with effect from the fortnight beginning June 24, 2006.

Q.4) Identify the open mutual fund scheme where there is a 3-year lock-in period

Static or Current – **Static**

Subject– **FINANCE**

Difficulty Level – **Easy**

Topic – **Miscellaneous (Mutual Funds)**

Options:

- a) ELSS
- b) Blue Chip Mutual funds
- c) Large Cap Mutual Funds
- d) Small Cap Mutual Funds
- e) None of the above

Answer: (a) ELSS

Explanation:

Equity Linked Savings Scheme (ELSS) is a kind of mutual fund scheme that predominantly invests in equity and equity related instruments to generate high returns.

What makes ELSS different from other equity mutual fund schemes is that investment upto ₹1.5 lakh in ELSS is eligible for deduction from taxable income in a financial year. **The scheme comes with a statutory lock-in period of 3 years for each SIP.** It is the only mutual fund scheme that qualifies for tax deduction under Section 80(C) of the IT Act.

Q.5) Which of the following is not correctly matched?

Static or Current – **Static**

Subject– **Finance**

Difficulty Level – **Easy**

Topic – **Financial Institutions NABARD, SIDBI EXIM, NHB, IRDAI and SEBI**

Options:

- a) RBI is the regulator of the monetary policy in India
- b) Sebi is the regulator of the Capital markets in India
- c) IRDA is the regulator of the insurance market in India
- d) AMFI is the regulator of the Mutual funds in India
- e) PFRDA is the regulator of the pension sector in India

Answer: (d) AMFI is the regulator of the mutual funds in India, this statement is incorrect

Mutual funds in India are regulated by the Securities and Exchange Board of India (SEBI) primarily.

The Association of Mutual Funds in India (AMFI) is dedicated to developing the Indian Mutual Fund Industry on professional, healthy and ethical lines and to enhance and maintain standards in all areas with a view to protecting and promoting the interests of mutual funds and their unit holders.

Q.6) Securities and Exchange Board of India (SEBI) has unveiled a framework for making operational gold exchange, which will facilitate trading of the yellow metal in the form of _____?

Static or Current – **Current Affairs**

Subject–**Finance**

Difficulty Level – **MODERATE**

Topic – **NA**

Options:

- (a) Exchange Trade Gold Receipts
- (b) Exchangeable gold receipts
- (c) Equity Gold receipts
- (d) Electronic Gold Receipts
- (e) NONE OF THE ABOVE

Answer: (d) Electronic gold receipts

Explanation:

Market regulator SEBI, gave a go ahead to the BSE to launch trading in **electronic gold receipts (EGR), paving the way for the exchange to launch spot bullion exchange.**

The Finance Ministry has specified EGR as ‘securities,’ under the Securities Contracts (Regulation) Act 1956

Q.7) With respect to, Alternative Investment Fund (AIF), no scheme shall have more than _____ angel investors.

Static or Current – **Current Affairs**

Subject– **Finance**

Difficulty Level – **MODERATE**

Topic – **NA**

Options:

- (a) 49
- (b) 75
- (c) 25
- (d) 10
- (e) None of the above

Answer: (a) 49

Explanation:

The limit has increased to 200 from 49 but 200 was not given in the question and therefore the best given option is 49.

SEBI amends angel fund regulations, permits 200 investors to be in one scheme

By Pranbihanga Borpuzari, ET Online • Last Updated: Nov 23, 2016, 04:47 PM IST

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Synopsis

The requirements of minimum investment amount by an Angel Fund in any venture capital undertaking is reduced from Rs. 50 lakh to Rs. 25 lakh.



startup policy.

Announcing amendments to [SEBI](#) (Alternative Investment Funds) Regulations, 2012 regarding [Angel Funds](#), the market regulator on Wednesday said it is increasing the upper limit for number of angel investors in **a scheme from 49 to 200** even as it harmonized the definition of a startup with that used by [DIPP](#) in the

Q.8) Transactional Leadership is a style of leadership in which leader promote compliance by follower through both rewards and punishment. Transactional leadership is also known as?

Static or Current – **STATIC**

Subject– **Management**

Difficulty Level – **EASY**

Topic – **Leadership**

Options:

- (a) Management Leadership
- (b) Participative Leadership
- (c) Autocratic Leadership
- (d) Transformational leadership
- (e) Situational Leadership

Answer: (a) Management leadership

Explanation:

In transactional leadership, rewards and punishments are contingent upon the performance of the followers. The leader views the relationship between managers and

subordinates as an exchange – you give me something for something in return. When subordinates perform well, they receive a reward. When they perform poorly, they will be punished in some way. Rules, procedures, and standards are essential in transactional leadership.

Transactional leadership, **also known as managerial or management leadership**, as it focuses on the role of supervision, organization, and group performance.

Q.9) Which of the following is a management theory wherein a leader is seen as genuine, open, transparent and they really care for the employees by nurturing the relationship

Static or Current – **STATIC**
Subject– **Management**
Difficulty Level – **Moderate**
Topic – **Leadership**

Options:

- (a) LMX theory of leadership
- (b) Servant theory of leadership
- (c) Autocratic theory of leadership
- (d) Participative theory of leadership
- (e) Authentic theory of leadership

Answer: (e) Authentic theory of leadership

Explanation:

Authentic Leadership works on the principle that a leader can prove their legitimacy by **nurturing sincere relationships** with their subordinates and giving importance to their input.

An authentic leader encourages their subordinates to be more open; they appreciate their support in the success of the organization. **Their leadership style promotes both individual and team performance.**

Authentic Leadership focuses on the moral aspects of being a leader. Authentic leaders know who they are and what they believe in, and they act on those values and beliefs openly and candidly.

Q.10) Which of the following is an implication of the high morale in the Organization?

Static or Current – **STATIC**

Subject– **Management**

Difficulty Level –**Easy**

Topic – **Motivation**

Options:

- (a) Creates inter group conflicts
- (b) Reduces conflict and promote orderly resolution
- (c) Not obeying the hierarchy of command
- (d) Defy the orders from senior team members
- (e) None of the above

Answer: (b) Reduces conflict and promote orderly resolution

Explanation:

Morale (also known as esprit de corps) is the capacity of a group's members to maintain belief in an institution or goal, particularly in the face of opposition or hardship. Morale is usually assessed at a collective, rather than an individual level.

High morale - High morale implies determination at work- an essential in achievement of management objectives. High morale results in:

- A keen teamwork on part of the employees.
- Organizational Commitment and a sense of belongingness in the employee's mind.
- Immediate conflict identification and resolution.
- Healthy and safe work environment.
- Effective communication in the organization.
- Increase in productivity.
- Greater motivation.

Q.11) Identify the component of directing that involves a manager meeting regularly, looking after employees, and interacting with the workers to review their work. Which of the following component is discussed above?

Static or Current – **Static**

Subject– **Management**

Difficulty Level – **Moderate**

Topic – **General Management**

Options:

- (a) Leadership
- (b) Motivation
- (c) Supervision
- (d) Communication
- (e) Controlling

Answer:(c) Supervision

Explanation:

Directing is that part of the managerial function that allows the organization's methods to work efficiently to help achieve the organization's purposes. **It has four elements supervision, motivation, leadership, and communication.**

Supervision is all about immediate and direct guidance and control of subordinates while performing their work. It involves closely observing the subordinates at work and ensuring that they work according to the policies and plans of the organization.

Q.12) A person connects with people inside and outside the organization to develop relations with members in such a way that will help the organization and its members as well. In the same capacity, what role is played by the person?

Static or Current – **Static**
Subject– **Management**
Difficulty Level – **MODERATE**
Topic – Miscellaneous - **General Management**

Options:

- (a) Communicator
- (b) Networker
- (c) Role Model
- (d) Strategist
- (e) None of the above

Answer: (b) Networker

Explanation:

Networker is a person who connects with people inside and outside the organization to develop relations with members in such a way that will help the organization and its members as well.

Communicator is a person who provide information to people inside and outside the organization to help the organization and its members to achieve the Goals and Objectives. In other words, a person who is able to convey or exchange information, news, or ideas, especially one who is eloquent or skilled.

Q.13) Creating a favorable Cooperative environment for Man, material, and machine so that employees can contribute their best towards the growth of an Organisation is described as _____ type of role.

Static or Current – **STATIC**

Subject– **Management**

Difficulty Level – **Difficult**

Topic – Miscellaneous - **General Management**

Options:

- (a) Enabling role
- (b) Synergizing role
- (c) Balancing role
- (d) Role model
- (e) Linkage Building role

Answer: (a) Enabling role

Explanation:

In order to understand the answer, we need to understand individual Options.

A) Enabling Role:

The enabler role is also an extension of the leadership role with an outward focus on leadership external to the team. The leader as enabler carries the team's vision to the rest of the organization and serves as its chief advocate and ambassador. The enabler strives to build bridges of cooperation and goodwill with other teams and stakeholders, while removing barriers to success.

The enabler strives to build the stature and reputation of the team within the organization by creating cooperative and, ideally, synergistic relationships with the team's stakeholders and peer groups.

B) Synergizing Role:

Synergy is the concept that the value and performance of two companies' combined will be greater than the sum of the separate individual parts.

If two companies can merge to create greater efficiency or scale, the result is what is sometimes referred to as a synergy merge.

The expected synergy achieved through a merger can be attributed to various factors, such as increased revenues, combined talent and technology, and cost reduction.

In addition to merging with another company, a company can also create synergy by combining products or markets, such as when one company cross-sells another company's products to increase revenues.

Companies can also achieve synergy between different departments by setting up cross-disciplinary workgroups in which teams work cooperatively to increase productivity and innovation.

Option C) Balancing Role:

Like so much in life, successful management involves balance - juggling multiple priorities, usually with too much to do in too little time.

Option D) Role Model

A role model is a person whose behaviour, example, or success is or can be emulated by others, especially by younger people.

Option E) Linkage Building Role

linkages refer to connections among roles. The connections could be between roles within a group, between groups, between organizational units, or between people and machines. Within a Linkage Building Role, a manager tries to trace why changes at the individual level do or do not appear at the organizational level. Moreover, He also try to establish linkages within the Internal environment and also, with the external environment.

If you analyze all the explanations given above, most appropriate is Option A which matches with the language of the question. Hence answer is Option A.

Q.14) Identify the stage in the communication model, wherein the communicator uses very less technical jargons so that there is a smooth flow of the communication?

Static or Current – **Static**
Subject–**Management**
Difficulty Level – **Difficult**
Topic – Miscellaneous - **Communication**

Options:

- (a) Pretesting the message
- (b) Identifying the target audience

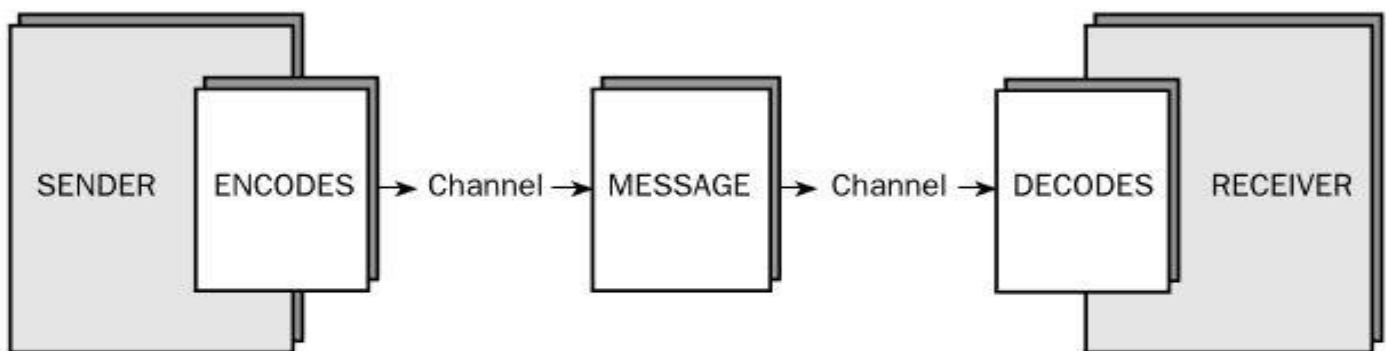
- (c) Setting Communication Goals
- (d) Channel Selection
- (e) None of the above

Answer:(b) identify the target audience stage

Explanation:

Technical jargon affects the different types of audience differently. They also act as a barrier to the communication for the audience which doesn't understand their meaning. So, in order to provide information with less technical jargons and have a smooth flow of communication, one need to **identify the target audience stage**

Reason being: The role of Technical Jargon comes at Receivers end in a communication model.



The Communication Model

Receiver:

The receiver is the person who senses or perceives or receives the sender's message. There may be just one receiver or a large number of receivers. **The message must be prepared with the receiver's background in mind.** An engineer in a software organization should **avoid using technical terms** in communicating with his family members. It should be recognized that if the message does not reach a receiver, no communication takes place. Even, when the message reaches the receiver, if he cannot understand it, again there is no communication.

Hence Answer is Option (B) identifying the targeted Audience.

Q.15) Identify the function of HRD, wherein top executive of the Organization defines the limits of the authority and assignment of responsibilities that will help employees to work effectively in order to achieve objectives of the Organization.

Static or Current – **STATIC**

Subject–**Management**

Difficulty Level – **Easy**

Topic – **General Management**

Options:

- (a) Principle of Potential Maximization
- (b) Principle of Delegation
- (c) Principle of annual Evaluation
- (d) Principle of Social Comparison
- (e) None of the above

Answer: (b)

Explanation: Delegation is one of the core concepts of management leadership. The process involves managers deciding which work they should do themselves and which work should be delegated to others for completion.

The Generalised process of delegation involves some combination of the following:

1. Allocation of duties: the delegator communicates to their subordinate the task which is to be performed. Resources are provided and a time limit is informed.
2. **Delegation of authority:** In order for the subordinate to perform the task, authority is required. The required authority is granted to the employee when the task is delegated.
3. **Assignment of responsibilities:** When authority is delegated, the subordinate is assigned with the responsibility of this task. When someone is given the rights to complete a task, they are assigned with the corresponding obligation to perform. Responsibility itself cannot be entirely delegated; a manager must still operate under equal responsibility to the delegated authority.
4. Creation of accountability: At the completion of the delegation process, it is essential that the manager creates accountability, meaning that subordinates must be answerable for the tasks which they have been authorized to carry out

Q.16) As per section 174(1) of companies Act, 2013, The quorum for a meeting of the board of directors of a company shall be _____ of total strength or ____ directors, whichever is higher

Static or Current - Static

Subject – **COMPANY LAW**

Difficulty Level – Easy

Topic – Chapter XII - Meeting of Board of Directors (Section 172-183)

Options:

- A. 2/3,1
- B. 1/3,2
- C. 1/2,2
- D. 3/4, 1
- E. None of the above

Answer: (B)

Explanation:

Section 174 of the Act provides the quorum for a board meeting.

Section 174 (1) of the Act

The quorum for a board meeting must be 1/3rd of the total number of directors or 2 directors whichever is the higher number. Therefore, in case, there are only three directors in a company, then at least two must be present even though 1/3rd would entail that only one director needs to be present. If the directors are not physically present but take part in the meeting via any audio/visual means, they too shall be considered part of the quorum.

Q.17) Auditor appointed at AGM shall hold the office from the conclusion of 1st AGM till the conclusion of _____?

Static or Current – Static

Subject–**Companies Law**

Difficulty Level – Easy

Topic – Chapter X Audit and Auditors

Options:

- (a) Fifth
- (b) Sixth
- (c) Third
- (d) Fourth
- (e) None of Above

Answer: (B) Sixth

Explanation: Sec 139 of the Companies Act 2013 provides that every company shall appoint an individual or firm as an auditor of the company at the first AGM. The person so

appointed shall hold the office from the conclusion of the AGM in which he was appointed till the conclusion of the **sixth AGM**.

Q.18) Which of the following is the minimum qualification for a person to be appointed President of NCLT?

Static or Current – Static
Subject – Companies Law
Difficulty Level – Easy
Topic – Chapter XXVII - NCLT and NCLAT

Options:

- A. Judge of High Court for 5 Years
- B. Judge of High Court for 10 years
- C. Judge of a District Court for 5 years
- D. Judge of a District Court for 10 years
- E. None of the above

Answer: A, Judge of High Court for 5 Years

Explanation:

Section 409 talks about Qualification of President and Members of Tribunal

According to the Section:

(1) The President shall be a person who is or has been a Judge of a High Court for five years.

(2) A person shall not be qualified for appointment as a Judicial Member unless he—

(a) is, or has been, a judge of a High Court; or

(b) is, or has been, a District Judge for at least five years; or

(c) has, for at least ten years been an advocate of a court.

(3) A person shall not be qualified for appointment as a Technical Member unless he—

(a) has, for at least fifteen years been a member of the Indian Corporate Law Service or Indian Legal Service and has been holding the rank of Secretary or Additional Secretary to the Government of India; or

(b) is, or has been, in practice as a chartered accountant for at least fifteen years; or

(c) is, or has been, in practice as a cost accountant for at least fifteen years; or

(d) is, or has been, in practice as a company secretary for at least fifteen years; or

(e) is a person of proven ability, integrity and standing having special knowledge and professional experience of not less than fifteen years in industrial finance, industrial management, industrial reconstruction, investment and accountancy.

(f) is, or has been, for at least five years, a presiding officer of a Labor Court, Tribunal or National Tribunal constituted under the Industrial Disputes Act, 1947.

Q.19) A company shall not, at any time, vary the terms of a contract referred to in the prospectus or objects for which the prospectus was issued, except subject to the approval of, or except subject to an authority given by the company in _____

Static or Current –Static

Subject – Companies Law

Difficulty Level – Easy

Topic – Chapter III - Prospectus & Allotment of Securities

Options:

- A. General Meeting by way of Special Resolution
- B. General Meeting by way of Ordinary Resolution
- C. Board Meeting by approval of Board of Directors
- D. Annual General Meeting by approval of Board of Directors
- E. None of the above

Answer: A, General Meeting by way of Special Resolution

Explanation:

Section 27: Variation in terms of contract or objects in prospectus.

*27. (1) A company shall not, at any time, vary the terms of a contract referred to in the prospectus or objects for which the prospectus was issued, except subject to the approval of, or except subject to an authority given by the company in **general meeting by way of special resolution**:

Provided that the details, as may be prescribed, of the notice in respect of such resolution to shareholders, shall also be published in the newspapers (one in English and one in vernacular language) in the city where the registered office of the company is situated indicating clearly the justification for such variation:

Provided further that such company shall not use any amount raised by it through prospectus for buying, trading or otherwise dealing in equity shares of any other listed company.

(2) The dissenting shareholders being those shareholders who have not agreed to the proposal to vary the terms of contracts or objects referred to in the prospectus, shall be given an exit offer by promoters or controlling shareholders at such exit price, and in such manner and conditions as may be specified by the Securities and Exchange Board by making regulations in this behalf.

Q.20) According to Section 47 of the Companies Act, 2013, every member of a company limited by shares and holding equity share capital therein, shall have a right to vote on every resolution placed before the company; and his voting right on a poll shall be in proportion to his share in the _____ share capital of the company

Static or Current –Static
Subject – Companies Law
Difficulty Level – Easy
Topic – Chapter IV Share Capital and Debenture

Options:

- A. Called-up capital
- B. Paid-up capital
- C. Issued Capital
- D. Authorized Capital
- E. None of the above

Answer:(B) Paid up capital

Explanation:

Section 47: Voting rights.

*47. (1) Subject to the ¹[provisions of section 43, sub-section (2) of section 50 and sub-section (1) of section 188], —

(a) every member of a company limited by shares and holding equity share capital therein, shall have a right to vote on every resolution placed before the company; and

(b) his voting right on a poll shall be in proportion to his share in the **paid-up equity** share capital of the company.

Q.21) If the company fails to distribute the declared dividends, then every director of the company shall, if he is knowingly a party to the default, be punishable with _____

Static or Current –**Static**

Subject – **Companies Law**

Difficulty Level – **Easy**

Topic – **Chapter VIII Declaration and payment of Dividend**

Options:

- A. Imprisonment which may extend to three years and with fine which shall not be less than one thousand rupees for every day during which such default continues
- B. Imprisonment which may extend to two years and with fine which shall not be less than two thousand rupees for every day during which such default continues
- C. Imprisonment which may extend to two years and with fine which shall not be less than one thousand rupees for every day during which such default continues
- D. Imprisonment which may extend to three years and with fine which shall not be less than two thousand rupees for every day during which such default continues
- E. Imprisonment which may extend to five years and with fine which shall not be less than one thousand rupees for every day during which such default continues

Answer: C

Explanation:

Section 127. Punishment for failure to distribute dividends.

Where a dividend has been declared by a company but has not been paid or the warrant in respect thereof has not been posted within thirty days from the date of declaration to any shareholder entitled to the payment of the dividend, every director of the company shall, if he is knowingly a party to the default, be punishable with **imprisonment which may extend to two years and with fine which shall not be less than one thousand rupees** for every day during which such default continues and the company shall be liable to pay simple interest at the rate of eighteen per cent per annum during the period for which such default continues:

Q.22) According to the provisions of the Companies Act, a company which has been in existence for not less than _____ financial years, may contribute any amount directly or indirectly to any political party

Static or Current –**Static**

Subject – **Companies Law**

Difficulty Level – Easy

Topic – Chapter XII - Meeting of Board of Directors (Section 172-183)

Options:

- A. One
- B. Two
- C. Three
- D. Four
- E. Five

Answer: (c) Three

Explanation:

Section 182 of the companies Act, 2013 contains the provisions regarding Prohibitions and Restrictions on Political Contributions by Companies. Section 182 of the Companies Act, 2013 prohibits certain companies to make political contribution as well as restricts some companies to make political contribution subject to the compliances of section 182. These are the Companies which are prohibited to make political contribution:

- ◆ A Government Company.
- ◆ A company which has been in existence for less than **three financial years**.

Q.23) A director who has stayed in India for atleast _____ days during a financial year is referred as Resident Director.

Static or Current –Static

Subject – Companies Law

Difficulty Level – Easy

Topic – Chapter XI Appointment of Auditors (section 149 to 160)

Options:

- 1. 148
- 2. 182
- 3. 364
- 4. 120
- 5. 300

Answer:(b) 182

Explanation:

Section 149(3) of the Companies Act, 2013 (Act) requires every company to have at least one director who has stayed in India for a total period of not less than 182 days in the previous calendar year.

Q.24) Imputed Cost is also known as _____

Static or Current – Static
Subject – Costing
Difficulty Level – Easy
Topic – Overview of Cost and Management Accounting

Options:

- A. Sunk Cost
- B. Historical Cost
- C. Notional Cost
- D. Process Cost
- E. None of the above

Answer:(C)

Explanation:

An imputed cost is an invisible cost that is not incurred directly. Imputed Cost is also known as implicit cost, notional cost. For Example: A company owns its place and still shows rent in its books, that will be regarded as an imputed or notional cost, as this is an invisible cost.

Q.25) Which of the following is not a part of the 5S?

Static or Current – Static
Subject – Costing
Difficulty Level – Easy
Topic – Lean System and Innovation

Options:

- 1. Seiton
- 2. Seiri
- 3. Shitsuke

4. Seiso

5. Support

Answer: 5

Explanation:

5S is the name of a workplace organization method that uses a list of five Japanese words: seiri, seiton, seiso, seiketsu, and shitsuke. It explains how a workspace should be organized for efficiency and effectiveness by identifying and storing the items used, maintaining the area and items, and sustaining the new order. The 5S's are as follows:

5S		
Japanese		English
Seiri	1S	Sort
Seiton	2S	Set In Order
Seiso	3S	Shine
Seiketsu	4S	Standardize
Shitsuke	5S	Sustain

1. Seiri: Make work easier by eliminating obstacles and evaluate necessary items with regard to cost or other factors.
2. Seiton: Arrange all necessary items into their most efficient and accessible arrangements so that they can be easily selected for use and make workflow smooth and easy.
3. Seiso: Clean your workplace, keep workplace safe, easy to work.
4. Seiketsu: Standardize the best practices in the work area, every process has a standard.
5. Shitsuke: Sustain (i.e., training for continuous implementation). It makes the habit of keeping things in an orderly and neat way. This should be done by giving proper training and with every individual's commitment.

Q.26) Which of the following is an example of an Indirect Cost?

Static or Current – Static
Subject – Costing
Difficulty Level – Easy
Topic – Overview of Cost and Management Accounting

Options:

- A. Store Services for Canteen
- B. Starch Powder for Dressing Yarn
- C. 2 Batteries for Radio Transistor
- D. Packaging Material Like Carton
- E. Jute for Bag

Answer: (A)

Explanation:

Indirect Costs are general costs and are incurred for the benefit of a number of cost units, processes or departments. These costs cannot be easily and conveniently identified with a unit of product. Indirect costs represent the expenses of doing business that are not readily identified with a particular grant, contract, project function or activity, but are necessary for the general operation of the organization and the conduct of activities it performs. In this question Store services for canteen is the indirect cost.

Q.27) Change for better and continuous improvement is termed as _____?

Static or Current – Static
Subject – Costing
Difficulty Level – Easy
Topic – Lean System of Innovation

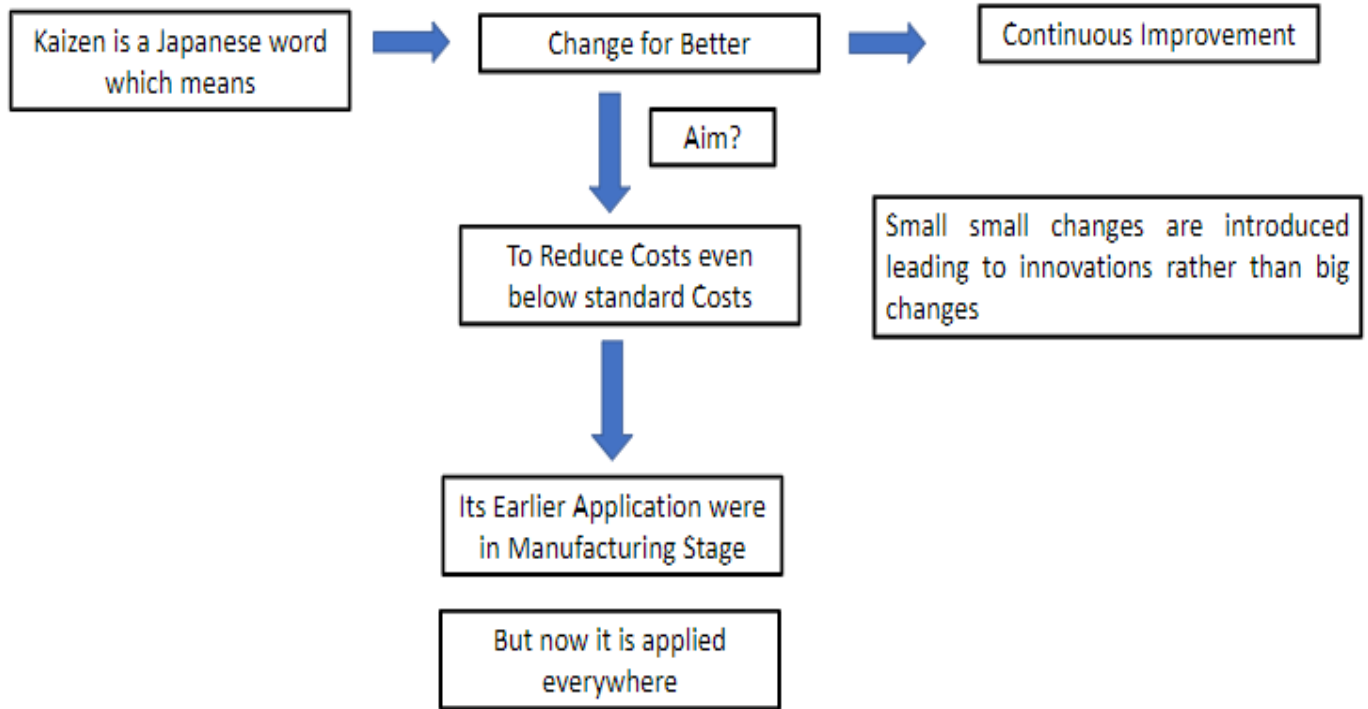
Options:

- A. Kaizen
- B. GenchiGembutsu
- C. Poka Yoke
- D. Muda
- E. None of the above

Answer: (A) Kaizen

Explanation:

Kaizen is a Japanese term meaning "change for the better" or "continuous improvement." It is a Japanese business philosophy regarding the processes that continuously improve operations and involve all employees. Kaizen sees improvement in productivity as a gradual and methodical process.



Q.28) Which of the following is not part of Lean system?

Static or Current – Static
 Subject – Costing
 Difficulty Level – Easy
 Topic –Lean System and Innovation

Options:

- (a) Continuous improvement
- (b) It is based on Push System
- (c) Identify value
- (d) Value stream Mapping
- (e) None of the above

Answer: (B)

Explanation:

In this question, Principles of Lean Manufacturing have been discussed.



- **Identify Value:**
 1. A company needs to add value defined by its customers' needs.
 2. The value lies in the problem you are trying to solve for the customer for your customer is actively willing to pay
 3. Any other activity or process that doesn't bring value to the end product is considered waste.
- **Value Stream Mapping:**

It must include all actions and people involved in the process of delivering the end product to the customer. By doing so, you will be able to identify what parts of the process bring no value.
- **Create Flow:**

Developing a product/service will often include a cross-functional teamwork. Bottlenecks and interruptions may appear at any time. However, by breaking up work into smaller batches and visualizing the workflow, you will be able to easily detect and remove process roadblocks.
- **Create a Pull System:**

In such a system the work is pulled only if there is a demand for it. This lets you optimize resources capacity and deliver products/services only if there is an actual need. Unnecessary Production when there is no demand on the market will lead to losses.
- **Continuous Improvement (Perfection):**

Problems may occur at any of the previous steps. Therefore, you need to make sure that employees on every level are involved in continuously improving the process.

From the above, we can easily conclude that Lean is based on Pull System and not Push. Therefore, Answer is Option B.

Q.29) Which of the following is not the feature of budgetary control?

Static or Current – Static
Subject – Costing
Difficulty Level – Moderate
Topic – Budgeting

Options:

- A. Budgeting is a plan of action based on past performance and governed by rational judgment of factors that will influence the course of business in future.
- B. For budgeting the organisational structure must be clearly defined and responsibility should be assigned to identifiable units within the organization
- C. Budgeting does not facilitate in management by exception
- D. Budgeting is quantifiable in monetary or quantity or both terms
- E. All are correct

Answer: C

Explanation:

Budgeting: Budgeting is the process of designing, implementing and operating of budget. The main emphasis in budgeting process is the provision of resources to support plans which are being implemented. It is a means of coordinating the combined intelligence of an entire organisation into a plan of action based on past performance and governed by rational judgment of factors that will influence the course of business in the future.

The overall purpose of budgeting is to plan different phases of business operations, coordinate activities of different departments of the firm and to ensure effective control over it.

One of the major **advantages of Budgetary control** is to Economize management time by using the **management by exception principle**.

Management by exception is the practice of examining the financial and operational results of a business, and only bringing issues to the attention of management if results represent substantial differences from the budgeted or expected amount. For example, the company controller may be required to notify management of those expenses that are the greater of \$10,000 or 20% higher than expected and therefore helps in **exercising budgetary control**.

Hence Answer is Option C.

Q.30) TPM does not include which of the following component?

Static or Current – Static
Subject – Costing
Difficulty Level – Moderate
Topic – Lean System and Innovation

Options

- A. Preventive Maintenance
- B. Breakdown Maintenance
- C. Predictive Maintenance
- D. Maintenance prevention
- E. None of the above

Answer: B

Explanation:

Breakdown maintenance is maintenance performed on equipment that has broken down and is unusable.

TPM is a lean manufacturing philosophy that centres on achieving near-perfect production. The aims of TPM are high: no breakdowns, no small stops or slow running, no defects, and no accidents. It emphasizes **proactive and preventative maintenance** and **not the Breakdown maintenance** to maximize the lifespan and productivity of equipment.

As a result, answer is B.

Q.31) Which of the following statement is incorrect regarding KANBAN?

Static or Current – Static
Subject – **Costing**
Difficulty Level – Moderate
Topic – Lean System and Innovation

Options

- A. Kanban card is a visual representation of a work item, tasks and its status
- B. Kanban cards helps in tracking the progress from moment of 'to do' to 'done'
- C. Number of Kanban cards in progress are increased over time
- D. Kanban card Reduce the need for actual meetings
- E. None of the above

Answer: C

Explanation:

A Kanban card is a visual representation of a work item. Translated from Japanese, it literally means a visual (kan) card (ban). It is a core element of the Kanban system as it represents work that has been requested or is already in progress.

One of Kanban's primary functions is to ensure a manageable number of active items are in progress at any one time. If there are no work-in-progress limits, you are not doing Kanban. Number of Kanban Cards in progress is limited as Kanban cards facilitate just-in-time delivery.

Q.32) Which of the following is not correct with respect to DMAIC

Static or Current – **STATIC**

Subject– **Costing**

Difficulty Level – **Easy**

Topic – **Lean System and Innovation**

Options:

- (a) Measure
- (b) Analyze
- (c) Improve
- (d) Correct
- (e) Define

Answer: (d)

Explanation:

DMAIC refers to a data -driven quality strategy for improving processes and is an integral part of the company's Six Sigma Quality Initiative. **DMAIC is an acronym for five interconnected phases: Define, Measure, Analyze, Improve, and Control.**

Q.33) Which of the following is not a qualitative characteristic of accounting information?

Static or Current – **Static**

Subject – **Commerce and Accounts**

Difficulty Level – **Easy**

Topic – **Introduction to Accounting**

Options:

- A. Accountability
- B. Consistency
- C. Verifiability
- D. Relevance
- E. Comparability

Answer: (a) Accountability

Explanation:

Qualitative characteristics of accounting information assist management, investors and accountants in making important decisions and predicting financial outcomes. Learning the different characteristics can help you understand how to produce accurate, reliable financial documents that can improve your company's financial well-being. Qualitative characteristics of accounting information are traits that allow financial professionals to more easily understand and make decisions on accounting reports.

There are various qualitative characteristic of Accounting Information:

1. **Consistency:** Consistency of method over a period of time is a valuable quality that makes accounting numbers more useful. Consistent use of accounting principles from one accounting period to another enhances the utility of financial statements to users by facilitating analysis and understanding of comparative accounting data.
2. **Verifiability:** To create accurate financial predictions, a company ensures that its financial information is verifiable. Verifiability involves authenticating financial information and calculations by using several independent sources to develop the same results.
3. **Relevance:** Relevance is closely and directly related to the concept of useful information. Relevance implies that all those items of information should be reported that may aid the users in making decisions and/or predictions.
4. **Comparability:** Comparability is the degree to which accounting standards and policies are consistently applied from one period to another. Financial statements that are comparable, with consistent accounting standards and policies applied throughout each accounting period, enable users to draw insightful conclusions about the trends and performance of the company over time.

Accountability is the acceptance good or bad of your personal actions that contributed to attaining or failing to meet an intended goal. Hence, it doesn't help in accounting information, but it helps in management. **So, it is not a qualitative characteristic of accounting information.**

Q.34) Ind-AS 18 related to revenue recognition is dealing with _____

Static or Current – Static

Subject –Commerce and Accounts

Difficulty Level – Moderate

Topic – Accounting Standard for Revenue Recognition

Options:

- A. Hire Purchase
- B. Revenue arising from Leases
- C. Contract
- D. Revenue arising from Interest, Royalty, Dividend
- E. None of the above

Answer: (D)

Explanation:

IND AS 18 Revenue Recognition sets the guidelines as to when to recognize the revenue arising from certain types of transactions and the accounting treatment of the same. Revenue is recognized when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably.

Applicability of IND AS 18:

This Standard should be applied in accounting for revenue arising from the following transactions:

- Revenue arising from Sale of goods
- Revenue arising from Rendering of Services
- Revenue arising from Interest, Royalties or Dividends

Q.35) Which of the following is a Capital Expenditure?

Static or Current – Static

Subject –**Commerce and Accounts**

Difficulty Level – Easy

Topic – Preparation of Final Company Accounts

Options:

1. Overhauling cost of Second-hand Machinery
2. Inauguration cost of new unit

3. Repainting of Van
4. Replacement cost of spare parts
5. Revenue from Insurance Business

Answer: (A)

Explanation:

Capital expenditure or capital expense is the money an organization or corporate entity spends to buy, maintain, or improve its fixed assets. If overhaul cost is incurred, it increases the useful life of the asset, so it is useful for many years. Hence, it is a capital expenditure.

Q.36) Which of the following is correct about buy back rules?

Static or Current – Static
Subject – Commerce and accounts
Difficulty Level – Moderate
Topic – Accounting for buy back of shares

Options:

- A. No need to file declaration of solvency
- B. No board approval required even if buy back up to 10% of the total paid-up equity capital and free reserves of the company.
- C. Can be done by issuing same kind of shares
- D. No authorization in articles
- E. The ratio of the aggregate of secured and unsecured debts owed by the company after buy-back shall not be more than twice the paid-up capital and its free reserves

Answer: E

Explanation:

A buyback of shares is buying back of own shares by a company that was issued earlier. It is a corporate action event wherein a company makes a public announcement for the buyback offer to acquire the shares from existing shareholders within a given timeframe. The company announces an offer price for the buyback that is generally higher than the current market price.

As per Section 68 of the Companies Act, 2013, The ratio of the aggregate of secured and unsecured debts owed by the company after buy-back shall not be more than twice the

paid-up capital and its free reserves. This ratio is also regarded as Debt-Equity Ratio.

Q.37) If the due date of a bill is after the date of closing the account, then we write the interest from the date of closing as _____ in the relevant side of the 'Account current'

Static or Current – **Static**
Subject – **Commerce and Accounts**
Difficulty Level – **Moderate**
Topic – **Miscellaneous (Bills of Exchange)**

Options:

- A. Red Ink Interest
- B. Green Ink Interest
- C. Black Ink Interest
- D. Blue Ink Interest
- E. Yellow Ink Interest

Answer: (A)

Explanation:

If the due date of a bill is after the date of closing the account, then we charge no interest for that. However, we write the interest from the date of closing to the due date in “Red-Ink” in the relevant side of the ‘Account current’. This interest is known as Red-Ink interest. Red-ink interest is treated as negative interest.

Q.38) Which of the following is not a feature of debenture?

Static or Current – **Static**
Subject - **Commerce and Accounts**
Difficulty Level – **Moderate**
Topic – **Miscellaneous**

Options:

- 1. Can be issued at discount and redeemed at Premium
- 2. It is a part of Net Owned Capital
- 3. Interest on Debenture is charged to P&L Account

4. All of A, B and C
5. None of the above

Answer: (B)

Explanation:

Debenture is a part of borrowed capital. Debenture can be issued at discount, par and premium. When a company issues debenture, it is under an obligation to pay interest. Interest on Debenture is a charge against the profit of the company and must be paid whether the company has earned profit or not. So, it charged to Profit and Loss account. Debentures are not a part of net owned fund because Net owned Fund consists of paid-up equity capital, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of assets but not reserves created by revaluation of assets and do not include debentures.

Q.39) The rights are sold to somebody else at a price by the shareholder. What is this called?

Static or Current – Static
Subject – Commerce and Accounts
Difficulty Level – Easy
Topic – Accounting for Bonus Shares and Rights Issue

Options:

- A. Repurchase of Rights
- B. Restitution of Rights
- C. Renunciation of Rights
- D. Reversion of Rights
- E. Resale of Rights

Answer: (C)

Explanation:

The **rights issue renunciation** is the transfer of the rights entitlements by a shareholder not willing to accept the rights offer and want to renounce the shares in favour of another person. This process of transfer or sale to another person is known as **the renunciation of**

rights. The person selling the rights entitlement is known as the renouncer and the person buying the rights entitlements is known as the renounce.

Q.40) Which of the following is not exceptional item in P&L Account?

Static or Current – **Static**
Subject – **Commerce and Accounts**
Difficulty Level – **Difficult**
Topic – **Preparation of Final Company Accounts**

Options:

- A. Profit or loss arises on disposal of fixed assets
- B. Abnormal losses on long term contracts
- C. Amount received in settlement of insurance claim
- D. Write off of expenses capitalised on intangible assets other than amortization
- E. Sales of an investment in subsidiary and associated companies

Answer: (E)

Explanation:

Exceptional items are costly events that have an impact on a company's bottom line but must not be misread as gains or losses in routine business operations. Exceptional items and extraordinary items are often confused, but they are recorded differently.

Para 14 of AS 5 gives certain examples of such exceptional items:

1. The write down of inventories to NRV
2. Disposal of items of fixed assets
3. Disposal of long-term investments
4. Legislative changes having retrospective application (e.g., increase in D.A. with retrospective effect after revision by Sixth Pay Central Commission)
5. Litigation Settlement.

From the above, the following features of exceptional items can be deduced:

- A. Profit or loss arises on disposal of fixed asset.
- B. Abnormal losses on long term contract.
- C. Amount received in settlement of insurance claims
- D. Write off of expenditure capitalized on intangible assets other than amortization.

Hence, Sales of an investment in subsidiary and associated companies will not be considered as an Exceptional Item. As for this purpose separate financial statements are made.

Q.41) Which of the following is an intangible asset?

Static or Current – Static
Subject – Commerce and Accounts
Difficulty Level – Easy
Topic – Preparation of Final Company Accounts

Options:

- A. Railway Siding
- B. Mining Rights
- C. Leasehold Land
- D. Cash
- E. None of the above

Answer: (B)

Explanation:

Tangible assets are physical; they include cash, inventory, vehicles, equipment, buildings and investments. Intangible assets do not exist in physical form and include things like accounts receivable, pre-paid expenses, and patents and goodwill. Hence, Mining Rights is an intangible asset as they do not exist in physical form.

Q.42) Which of the following is an example of Commitment Item in the Balance Sheet?

Static or Current – Static
Subject – Commerce and Accounts
Difficulty Level – Difficult
Topic – Preparation and Presentation of Company Final Accounts

Options:

- A. Arrears of dividend share
- B. Guarantee
- C. Undisclosed charges on Company
- D. Dividend Declared after BSD and before AGM
- E. Uncalled liability on shares and other investments partly paid

Answer: (D)

Explanation:

Commitment refers to the contractual obligations which are certain and independent in nature. If the commitments relate to the reporting period, they need to be disclosed in the balance sheet as liabilities and if commitments does not belong to the reporting period they needs to disclosed in notes to accounts.

Uncalled liability on shares and other investment partly paid. The uncalled amount on these shares is a commitment as it will have to be paid when called.

Q.43) Which of the following is correct regarding Cournot's Oligopoly Model?

Static or Current – Static
Subject – Economics
Difficulty Level – Difficult
Topic – Miscellaneous (Market Structure)

Options:

- A. Cartel is non cooperative oligopoly
- B. Game theory is applied to Cournot's Oligopoly model to determine the price output relationship
- C. Firms decides its output based on the assumption that the rival firm comes up with constant output
- D. Oligopoly is more competitive than perfect competition
- E. Perfect competition allows only a few sellers.

Answer: (C)

Explanation:

The earliest duopoly model was developed in 1838 by the French economist Augustin Cournot. Cournot assumes that each duopolist believes that regardless of his actions and their effect upon market prices of the product, the rival firm will keep its output constant, that is it will go on producing the same amount of output which it is presently producing. In other words, for determining the output to be produced, he will not consider reactions of his rival in response to his variation in output and thus decides its level of output independently.

Q.44) Which of one of the following statement w.r.t LM curve is not correct?

Static or Current – Static
Subject – Economics
Difficulty Level – Moderate
Topic –IS-LM

Options:

- A. LM Curve shift to left when money demand is increased
- B. LM Curve shift to right when money supply is increased
- C. High interest rate elasticity leads to steep LM curve
- D. LM curve shifts in accordance with Liquidity Preference
- E. None of the above

Answer: (C)

Explanation:

High interest rate elasticity leads to steep LM curve is incorrect statement.

The slope of LM curve depends upon the income elasticity for Demand for money and interest elasticity for Demand for money.

Conditions for Steeper LM Curve -More elastic Demand for money for income (larger income-elasticity) and Less elastic Demand for money for interest (lower interest-elasticity)

Conditions for Flatter LM Curve - Less responsive Demand for money for income (smaller income-elasticity) and More elastic Demand for money for interest (higher interest-elasticity)

Q.45) $D= 12 - P$; $S= -3 + 4P$, what is the equilibrium Point?

Static or Current – Static
Subject –Economics
Difficulty Level – Easy
Topic –Demand and Supply

Options:

- a) Price = 3, Quantity = 9
- b) Price = 3, Quantity = 6
- c) Price = 3, Quantity = 12

d) Price = 4, Quantity = 12

e) Price = 2, Quantity = 4

Answer: (A)

Explanation:

Equilibrium in the market will be reached at the point where Demand = Supply

$$12 - P = -3 + 4P$$

$$12 + 3 = 4P + P$$

$$15 = 5P$$

$$P = 3$$

$$D = 12 - P$$

$$D = 12 - 3 = 9$$

$$S = -3 + 4P$$

$$S = -3 + 4 \times 3 = 9$$

Q.46) If the producers bear the tax, What is the elasticity of Demand and Supply?

Static or Current – STATIC

Subject – Economics

Difficulty Level – Difficult

Topic – Elasticity of Demand

Options:

A. Taxation has no impact on the elasticity of the curve

B. Elastic Demand and Supply

C. Inelastic Supply and Elastic Demand

D. Inelastic supply and demand

E. None of the above

Answer: (c)

Explanation:

The tax incidence depends on the relative price elasticity of supply and demand. when demand is more elastic than supply, producers bear most of the cost of the tax.

If the producers bear the tax, Demand is elastic, and supply is inelastic that is why the producer cannot shift the impact of tax on the consumer.

Q.47) In 1991, if the GDP of America is = \$5766 and the given GNP is \$5796, then what are the possible reason

Static or Current – STATIC

Subject – Economics

Difficulty Level – Easy

Topic – National Income

Options:

- A. Positive net factor income from abroad is added to GDP to get GNP
- B. Negative net factor income from abroad is added to GDP to get GNP
- C. Net factor income from abroad is added to GNP to get GDP
- D. Positive net factor income from abroad is added to GNP to get GDP
- E. None of the above

Answer: (A)

Explanation:

Gross Domestic Product does not include Net Factor Income from Abroad while Gross National Product include Net Factor Income from Abroad.

So, if Net Factor Income from Abroad is positive then only GNP can be greater than the GDP.

Q.48) “If Balance of payment is always balanced”. What it means?

Static or Current – Static

Subject – Economics

Difficulty Level – Easy

Topic – Balance of Payments

Options:

- A. Current account Surplus or Deficit is balanced by the Deficit or Surplus of the capital account in the accounting terms.

- B. Current account Surplus or Deficit is more than the Deficit or Surplus of the capital account in the accounting terms
- C. Imports and Exports are balance
- D. Export of Services matches with the import
- E. None of the above

Answer: (A)

Explanation:

From a balance of international payments point of view, a surplus on the current account would allow a deficit to be run on the capital account and vice versa. Current account Surplus or Deficit is balanced by the Deficit or Surplus of the capital account in the accounting terms.

For example, surplus foreign currency can be used to fund investment in assets located overseas. Also, if a country has a current account deficit (trade deficit), it will borrow from abroad.

Q.49) NBFCs can accept public deposits up to how many months?

Static or Current – **STATIC**

Subject – **Economics**

Difficulty Level – **EASY**

Topic – **Non-Banking Financial Companies**

Options:

- (a) 12
- (b) 24
- (c) 36
- (d) 48
- (e) 60

Answer: (e) 60 days

Explanation:

- The NBFCs are allowed to accept/renew public deposits for a minimum period of 12 months and maximum period of 60 months. **They cannot accept deposits repayable on demand.**
- NBFCs cannot offer interest rates higher than the ceiling rate prescribed by RBI from time to time. The present ceiling is 12.5 per cent per annum. The interest may be paid or compounded at rests not shorter than monthly rests.
- NBFCs cannot offer gifts/incentives or any other additional benefit to the depositors.
- NBFCs should have minimum investment grade credit rating.
- The deposits with NBFCs are not insured.
- The repayment of deposits by NBFCs is not guaranteed by RBI.

Q.50) Which of the following is not the characteristic of NBFCs?

Static or Current – **STATIC**

Subject – **Economics**

Difficulty Level – **EASY**

Topic – **Non-Banking Financial Companies**

Options:

- (a) NBFCs cannot accept Demand deposit from the NRIs
- (b) They need not maintain the CRR and SLR as prescribed by RBI
- (c) The deposits taken by NBFCs are secured by DICGC
- (d) NBFCs do not form part of the payment and settlement system of the country
- (e) They cannot issue cheques drawn on itself

Answer: (c) The deposits taken by NBFCs are secured by DICGC, this statement is incorrect

Explanation:

Deposit insurance is insurance for deposits held by customers in a bank. It is provided by the Deposit Insurance and Credit Guarantee Corporation (DICGC). It includes commercial public banks and small finance banks. Company deposits are not included in the deposit insurance. Non-banking financial companies (NBFCs) do not come under its umbrella. **All your deposits in a bank are covered for up to Rs. 5 lakhs.**

Question Paper Analysis

1. Overall Analysis

The question number marked in below table refers to the same question number in the upper part of this document where we have listed down questions in detail. So, in case you want to refer to the original question please refer it using the question number in the table

Question No.	Subject	Topic	Level	Remarks
1	Finance	Miscellaneous - Basics of Derivatives (Options)	Moderate	
2	Finance	Basics of Derivatives (Forward, Future and Swaps)	Moderate	
3	Finance	Functions of RBI	Easy	
4	Finance	Miscellaneous - Mutual Funds	Easy	
5	Finance	Financial Institutions NABARD, SIDBI, EXIM, NHB, IRDAI and SEBI	Easy	
6	Finance	NA	Easy	Part of Current Affairs
7	Finance	NA	Moderate	Part of Current Affairs
8	Management	Leadership	Easy	
9	Management	Leadership	Moderate	
10	Management	Motivation	Easy	
11	Management	General Management	Moderate	
12	Management	General Management	Moderate	
13	Management	General Management	Difficult	
14	Management	Communication	Difficult	
15	Management	HRD	Easy	
16	Companies Act	Chapter XII-Meeting of Board of Directors (Section 172-183)	Easy	
17	Companies Act	Chapter X – Audit and Auditors	Easy	
18	Companies Act	Chapter XXVII – NCLT and NCLAT	Easy	
19	Companies Act	Chapter III – Prospectus & Allotment of Securities	Easy	
20	Companies Act	Chapter IV Share Capital and Debentures	Easy	
21	Companies Act	Chapter VIII Declaration and Payment of Dividend	Easy	

22	Companies Act	Chapter XII -Meeting of Boards of Directors (Section 172-183)	Easy	
23	Companies Act	Chapter XI Appointment of Auditors (Section 149 to 160)	Easy	
24	Costing	Overview of Cost and Management Accounting	Easy	
25	Costing	Lean System and Innovation	Easy	
26	Costing	Overview of Cost and Management accounting	Easy	
27	Costing	Lean System and Innovation	Easy	
28	Costing	Lean System and Innovation	Easy	
29	Costing	Budgeting	Moderate	
30	Costing	Lean System and Innovation	Moderate	
31	Costing	Lean System and Innovation	Moderate	
32	Costing	Lean System and Innovation	Easy	
33	Commerce and Accountancy	Introduction to Accounting	Easy	
34	Commerce and Accountancy	Accounting Standard for Revenue Recognition	Moderate	
35	Commerce and Accountancy	Accounting Standard for Property Plant and Equipment	Easy	
36	Commerce and Accountancy	Accounting for Buyback of shares	Moderate	
37	Commerce and Accountancy	Miscellaneous (Bill of Exchange)	Moderate	
38	Commerce and Accountancy	Miscellaneous	Moderate	
39	Commerce and Accountancy	Accounting for Bonus Shares and Right Issue	Easy	
40	Commerce and Accountancy	Miscellaneous (Introduction to Accounting)	Difficult	
41	Commerce and Accountancy	Accounting Standard for Property Plant and Equipment	Moderate	
42	Commerce and Accountancy	Preparation and Presentation of Company Final Account	Difficult	
43	Economics	Market Structure	Difficult	
44	Economics	IS-LM Curve	Moderate	
45	Economics	Demand and supply	Easy	
46	Economics	Demand and supply	Difficult	
47	Economics	National Income	Easy	
48	Economics	Balance of Payment	Easy	
49	Economics	Non-Banking Financial Companies	Easy	
50	Economics	Non-Banking Financial Companies	Easy	

1. Miscellaneous Questions

There are some questions (marked as **Miscellaneous in above table**).

1. One which could not be mapped directly to syllabus, but they were either from the basic topics or topics indirectly linked to syllabus. All these topics were covered in EduTap course
2. Second which were out of syllabus and could not be even remotely linked to Syllabus. One cannot prepare for such questions as otherwise there is no end to topics

There were 4 Miscellaneous Question (Q.1, 37, 38 & 40). Out of these, Q.1, 37 and 40 are type 1 and Q.38 is type 2.

2. Number of Questions Asked from Each Subject

Subject	Number of Questions
Economics	8
Commerce and Accounts	10
Costing	9
Finance	7
Management	8
Company Law	8

1. 4 Questions were no way related to syllabus. Point to note is that these questions were easy and many who did not prepare for the exam at all could also score in these questions as they form part of Basics of the core subject except Q.38. But one cannot prepare for such questions as then the **preparation will become infinite**.
2. Overall, a balanced paper as all the sections were given due importance
3. Overall, the exam was of moderate to difficult level as the type of questions asked with confusing options makes the paper weird, but one is required only qualifying marks which could be easily managed

3. Number of Questions Segregated into Easy, Moderate and Difficult

Difficulty Level	Number of Questions
Easy	29
Moderate	15
Difficult	6

Takeaway: Though paper was weird as unexpected questions were asked, but still it was on easier side. One could easily get qualifying marks

4. Weightage of Numerical Asked

Numerical	
Subject	Number of Numerical
Finance	0
Costing	0
Commerce and Accounts	0

Takeaway: 0 numerical was asked in the exam. But if we see Paper 2 of Phase 2, then numerical are asked there. Next time even in Phase 1- Paper 2 they can ask numerical. Moreover, there shall be integrated preparation for Phase 1 and Phase 2 to prepare for all scenarios

5. Subject wise Analysis

A. Economic Section Analysis

Economics

Q. No.	Subject	Number of Questions	Difficulty Level	Remarks
43	Economics	Market Structure	Difficult	
44	Economics	IS-LM Curve	Moderate	
45	Economics	Demand and supply	Easy	
46	Economics	Demand and supply	Difficult	
47	Economics	National Income	Easy	
48	Economics	Balance of Payment	Easy	
49	Economics	Non-Banking Financial Companies	Easy	
50	Economics	Non-Banking Financial Companies	Easy	

Take Way

1. Overall, 8 questions were asked, and a majority (5) of them were easy. But majority of question were also application based and required a strong conceptual understanding. In the previous year, Economics was not given a due weightage in the exam but this year, the level of the question were really good and over all a justice was done with the subject.
2. Students need to take the subject seriously and need to have a strong conceptual understanding for Phase 2 Paper.

B. Commerce and Accounts Section Analysis

Q. No.	Topic	Number of Questions	Difficulty Level	Remarks
33	Commerce and Accountancy	Introduction to Accounting	Easy	
34	Commerce and Accountancy	Accounting Standard for Revenue Recognition	Moderate	
35	Commerce and Accountancy	Accounting Standard for Property Plant and Equipment	Easy	
36	Commerce and Accountancy	Accounting for Buyback of shares	Moderate	
37	Commerce and Accountancy	Miscellaneous (Bill of Exchange)	Moderate	
38	Commerce and Accountancy	Miscellaneous	Moderate	
39	Commerce and Accountancy	Accounting for Bonus Shares and Right Issue	Easy	
40	Commerce and Accountancy	Miscellaneous (Introduction to Accounting)	Difficult	
41	Commerce and Accountancy	Accounting Standard for Property Plant and Equipment	Moderate	
42	Commerce and Accountancy	Preparation and Presentation of Company Final Account	Difficult	

Take Way

1. Good Number of Questions Asked and were Moderate to difficult level
2. No numerical asked but then we cannot leave numerical as lot of them were asked in paper 2 phase 2. They can be asked in Phase 1 paper 2 next time
3. Questions asked were conceptual and not factual. One requires good understanding of Concepts
4. Many Questions marked as Miscellaneous above could not be tagged to syllabus directly.

C. Costing Section Analysis

Costing

Q. No.	Topic	Number of Questions	Difficulty Level	Remarks
24	Costing	Overview of Cost and Management Accounting	Easy	
25	Costing	Lean System and Innovation	Easy	
26	Costing	Overview of Cost and Management accounting	Easy	
27	Costing	Lean System and Innovation	Easy	
28	Costing	Lean System and Innovation	Easy	
29	Costing	Budgeting	Moderate	
30	Costing	Lean System and Innovation	Moderate	
31	Costing	Lean System and Innovation	Moderate	
32	Costing	Lean System and Innovation	Easy	

Take Way

1. 9 Questions Asked. Justice not done with syllabus as 6 questions were only from 1 topic.
2. No Question asked from methods of costing such as Process costing, Job Costing, Unit Costing etc.
3. No numerical asked but then we cannot leave numerical as lot of them were asked in paper 2 phase 2. They can be asked in Phase 1 paper 2 next time
4. Questions asked were conceptual and on easier side and not factual

D. Finance Section Analysis

Finance

Q. No.	Topic	Number of Questions	Difficulty Level	Remarks
1	Finance	Miscellaneous - Basics of Derivatives (Options)	Moderate	
2	Finance	Basics of Derivatives (Forward, Future and Swaps)	Moderate	
3	Finance	Functions of RBI	Easy	
4	Finance	Miscellaneous - Mutual Funds	Easy	
5	Finance	Financial Institutions NABARD, SIDBI, EXIM, NHB, IRDAI and SEBI	Easy	
6	Finance	NA	Easy	Part of Current Affairs
7	Finance	NA	Moderate	Part of Current Affairs

Take Way

1. Questions were generic and easy
2. No Numerical asked but then we cannot leave numerical as lot of them were asked in paper 2 phase 2. They can be asked in Phase 1 paper 2 next time
3. No hard-core factual Question
4. Emphasis on SEBI Circular was given as one question (Q.6) was directly from the recent circular and Other (Q.7) - though covers the static part of AIF but its origin can be traced to a recent SEBI Circular.

E. Management Section Analysis

Management

Q. No.	Topic	Number of Questions	Difficulty Level	Remarks
8	Management	Leadership	Easy	
9	Management	Leadership	Moderate	
10	Management	Motivation	Easy	
11	Management	General Management	Moderate	
12	Management	General Management	Moderate	
13	Management	General Management	Difficult	
14	Management	Communication	Difficult	
15	Management	HRD	Easy	

Take Way

1. All conceptual questions with application-based option. One needs to have a complete conceptual clarity. Questions were not generic as it used to be.

- 3 questions are marked as Miscellaneous which are not part of any standard source and require a lot of research in order to cover them. As a result, two of them were not covered and one require strong analytical skill and understanding of the concept.
- Overall, section requires strong understanding with knowledge of keywords/characteristics related to the topic.

F. Company Law Section Analysis

Q. No.	Topic	Number of Questions	Difficulty Level	Remarks
16	Companies Act	Chapter XII-Meeting of Board of Directors (Section 172-183)	Easy	
17	Companies Act	Chapter X – Audit and Auditors	Easy	
18	Companies Act	Chapter XXVII – NCLT and NCLAT	Easy	
19	Companies Act	Chapter III – Prospectus & Allotment of Securities	Easy	
20	Companies Act	Chapter IV Share Capital and Debentures	Easy	
21	Companies Act	Chapter VIII Declaration and Payment of Dividend	Easy	
22	Companies Act	Chapter XII -Meeting of Boards of Directors (Section 172-183)	Easy	
23	Companies Act	Chapter XI Appointment of Auditors (Section 149 to 160)	Easy	

Take Way

- No Section number asked. But they can be asked in Phase 2 Paper 2, so we cannot leave section numbers altogether
- All the Questions were basic and easy. You just need simple factual knowledge.
- Complete justification of Syllabus as entire width of the syllabus was covered.

6. Closing Comments

- Overall, the level of paper was moderate.
- One needs to have strong understanding of the concepts as a lot of questions were application based.
- Based on the analysis of SEBI previous year papers and this exam, it can be concluded that SEBI always add 2-3 question which seems out of syllabus. One should not judge the entire paper based on just these 2-3 questions.
- Also, this year, SEBI asked a few questions which maps to the syllabus part but requires a lot of research. But in the end Phase 1 is qualifying and one can easily manage by skipping these questions.

SEBI Grade A

2022

Phase 2

Paper 1

Memory Based Paper



Q.1 Write an Essay of about 200 words on any one of the following topics: -(30 Marks)

1. Mental Health and its impacts should be spoken about.

A study revealed that in the same year, 14% of India's population suffered from mental health ailments, including 45.7 million suffering from depressive disorders and 49 million from anxiety disorders. The Covid-19 pandemic has further accentuated this mental health crisis, with reports from across the world suggesting that the Virus and associated lockdowns were having a significant impact on the population – particularly younger individuals.

In India, having a mental health disorder is perceived with a sense of judgement and there is stigma associated with those having mental health issues (The Live Love Laugh Foundation, 2018). Mental disorders are also considered as being a consequence of a lack of self-discipline and willpower. The stigma associated with mental health as well as lack of access, affordability, and awareness lead to significant gaps in treatment. The National Mental Health Survey (NMHS), 2015-16 found that nearly 80% of those suffering from mental disorders did not receive treatment for over a year. This survey also identified large treatment gaps in mental healthcare, ranging from 28% to 83% across different mental disorders (National Institute of Mental Health and Neurosciences (NIMHANS), 2016).

Mental disorders place a considerable economic burden on those suffering from them – the NMHS (2015-16) revealed that the median out-of-pocket expenditure by families on treatment and travel to access care was Rs. 1,000-1,500 per month. Discussions with respondents also revealed that expenditure incurred on treatment of mental disorders often drove families to economic hardship. This burden was more pronounced in the case of middle-aged individuals – who were also most affected by mental disorders – as it affects their productivity thereby amplifying the burden not just on the individual, but also the economy.

Acknowledging the extent of the issue would be the first step towards addressing the mental health crisis in the country. The next and most pertinent step – given the socioeconomic groups largely affected by the crisis – would be to take initiative towards making mental healthcare more accessible, with targeted interventions for vulnerable groups.

2. Role of Banks in Financial Literacy.

It is alarming that financial literacy in India lags behind that of many countries. According to a global survey, India accommodates around 20% of the total world population, yet only about 24% of the Indian population is aware of basic financial concepts! Governments since independence have made efforts to promote financial literacy as it is directly related to financial inclusion, which, in turn, plays a major role in fostering economic growth of the country.

The need for financial literacy to incorporate financial inclusion is now widely recognized by all stakeholders, including the policymakers, practitioners, bankers, researchers, and academicians across the globe.

In consonance with the OCED's global paradigm, the National Strategy for Financial Education aims at spreading awareness about basic financial products, such as bank accounts, in order to link new users to the financial sector. Educating the existing users in the financial sector to make informed decisions. Ensuring customer protection from risks and frauds by making them vigilant.

Financial inclusion is emerging as a new paradigm of economic growth that plays major role in driving away the poverty from the country. It refers to delivery of banking services to masses including privileged and disadvantaged people at an affordable terms and conditions. Financial inclusion is important priority of the country in terms of economic growth and advancement of society. It enables to reduce the gap between rich and poor population. In the current scenario financial institutions are the robust pillars of progress, economic growth and development of the economy. Results of the study found positive and significant impact of number of bank branch and Credit deposit ratio on GDP of the country, whereas an insignificant impact has been observed in case of ATMs growth on Indian GDP.

3. Techno-stress; its impacts on students and teachers in education sector.

There has been increasing interest among researchers to understand the negative effects of technology, in the last two decades. Technostress or stress induced due to technology is extensively reported in the literature, among working professionals. Even though there has been an increased proliferation of digital devices in academia, there is a dearth of studies examining the prevalence of technostress and its impact among students.

While the benefits of technology cannot be argued, there has been increased interest in understanding the negative impact of technology on end-users. Technostress or "inability

to cope with new technologies”, have been extensively studied in the literature on the organization employees and its impact on job outcomes.

Technostress among students may lead to a higher burden on the higher education institutions through a decrease in productivity, dropouts, and deviation from academic work. Therefore, there is a need to examine the prevalence of technostress among students and its consequences. Students of the present generation have a different set of characteristics and habits, which makes them an interesting group to be studied. By 2020, new generation cohort steps into the business world and are called as Digital Natives. These students are born in the Internet-connected world and ICT is part of their routine.

Increased use of technology in higher education has compelled students to complete all their academic work, including assessments, using technology. Technology-enhanced learning applications such as learning management systems, MOOCs and digital exam devices require students to develop ICT skills. It has become imperative to investigate the impact of technostress on the academic productivity of students. Findings reveal that the technostress instrument is valid to be used in the academic context, with minor modifications, and students experienced moderate levels of technostress. It was also found that technostress had a negative impact on the academic productivity of students.

4. Asset Reconstruction Companies

Asset reconstruction companies (ARCs) is a type of finance company in India. They were formed as part of steps taken by the Government to clean up the balance sheets of banks and financial institutions and help revive the credit and investment cycle in India. The ARC industry was born out of the Recapitalization and Financial Services Industry Development Act 2002. The Act gave an opportunity to banks, insurance companies, and financial institutions that have been into losses for some time or are facing temporary capital problems.

Asset Reconstruction Company is a new concept in the Indian financial system. The company has been formed by pooling of non-performing assets (NPAs) of various Banks/Financial Institutions. The ARC has to be incorporated as a non-banking finance company (NBFC). It can be set up by Indian or foreign individuals, companies, corporations, and Public Sector Undertakings.

The major objectives of formation Asset Reconstruction Company are:

- Asset management activity so as to generate cash flows for repayment of debt and interest thereon.

- Ability to bring in operational efficiency and economies of scale in the organization.
- To promote innovation in financial markets.
- To develop new instruments for risk management and credit enhancement techniques.
- Developing securitization market by promoting high-grade financial assets.
- Enhancement of project evaluation, monitoring, and implementation capabilities.
- Developing infrastructure for alternate sources of long-term finance.

The number of ARCs in the country has risen sharply over the last few years with nine new entities starting up operations in 2006. With an asset base of Rs.90 billion (December 2008), Asset Reconstruction Company of India Ltd (ARCIL) is India's largest ARC, followed by Asset Reconstruction Company of India (ARCI). ARCs are regulated by SEBI and their services are available to both Indian and foreign investors/borrowers. Funds managed by ARCs can be used for almost any commercial purpose – real estate purchase/development; machinery acquisition; working capital requirement, etc.,

Q.2 Read the given passage and draft a precis within 150 words: -(30 Marks)

Certainly, with the advent of globalization, the market has become more competitive, because it has opened the opportunity for new competitors. This does not necessarily mean risk for the survival of local businesses, but a challenge that they must consider. This challenge relates to the need to create greater consumer loyalty to products and services, greater suitability of the product to the consumer's needs and greater concern about the social impact of the company. Moreover, this global scenario represents some opportunities for the companies to act in the new markets. It is clear that this action will depend mainly on the quality of their own products and services offered.

However, first, the concept of product quality is not so immediate and obvious. Although not universally accepted, the definition for quality with greater consensus is that "suitability for the consumer usage." This definition is comprehensive because it includes two aspects: characteristics that lead to satisfaction with the product and the absence of failures. In fact, the main component consists of the quality characteristics of the product features that meet the consumers' needs and thus it provides satisfaction for the same.

These needs are related not only to the intrinsic characteristics of the product, such as the sensory characteristics of a food product, but also to its availability in the market with a compatible price and in a suitable packaging. The other part is the absence of faults, which is related to the characteristics of the product according to their specifications, making the

consumer inspired by the reliability of the product, i.e., the consumer is sure that he will acquire a safe product, without health risks, and with the properties claimed on the label.

For these objectives to be achieved it is required an efficient management of quality, which implies continuous improvement activities at each operational level and in every functional area of the organization. The quality management combines commitment, discipline and a growing effort by everyone involved in the production process and fundamental techniques of management and administration, with the goal of continuously improving all processes. For that, the industries need to be structured organizationally, establish policies and quality programs, measure customers' satisfaction and even use more quality tools and methodologies. Specifically for the food industry, also involves the knowledge and application of techniques and programs for product safety.

Solution:

Title: - Quality Management: Important Aspects for the Food Industry

The competitiveness of a company can be seen as a reflection of the strategies adopted as a means to adapt to the prevailing standards of competition in the markets in which the organization operates. Certainly, quality is a key factor for the food industry acts in a market increasingly globalized. For that companies must establish competitive strategies and develop an appropriate internal structure. The reality of each company, in financial terms, cultural, organization and motivation, will determine the degree of maturity and efficiency in quality management. What can be concluded is that the competitive advantage certainly goes through the constant search for new tools and learning management systems that improve the quality of processes and services and consequently the products offered by the food industry.

Q.3 Read the given passage and answer the given questions: -(40 Marks)

Role of Weather Forecasting in Agriculture Sector.

Agriculture and farming are mainly dependent on seasons and weather. The temperature matters a lot in that case when it comes to the farming of different kinds of fruits, vegetables, and pulses. Previously we did not have a better understanding of weather forecasting and farmers were still doing their job based on predictions. Though sometimes they occur loss due to false predictions of weather. Now that the technology is developed and special weather forecasting mechanisms are available, the farmers can get all the updates are on a smartphone. Education towards that is, of course, an important thing but

most of the farmer population at this stage knows the basics which make it easy for them to use the features.

Occurrences of erratic weather are beyond human control. It is possible, however, to adapt to or mitigate the effects of adverse weather if a forecast of the expected weather can be obtained in time. Forecasts should ideally be used for small areas. Some aspects of weather forecasts for agriculture are quite distinct from synoptic weather forecasts. While clear weather is required for sowing operations, it must be preceded by seed zone soil moisture storage. Crop weather factors mean that crops and cropping practices vary across areas within the same season. In the case of well-organized weather systems, the desired areal delineation of forecasts can be realized. The area to which the weather forecasts will be applied must be unambiguously stated.

Weather forecasting is a prediction on conditions of atmosphere depending on location and time. Every area will have their different predictions related to the condition of weather which makes pretty easy for the farmers to know how and what to do when. The relationship between weather and agriculture has, therefore, necessitated the need for accurate prediction of the weather; to enable farmers to make an informed decision that will not bring losses to them. Temperature, sunlight, and rainfall have major effects on the crops. For livestock, temperatures and adequate water and food are essential.

The forecast of the weather event helps for suitable planning of farming operations. It helps to decide whether to undertake or withhold the sowing operation. To irrigate the crop or not, when to apply fertilizer and whether to start complete harvesting or to withhold it are the major components for which forecasting is a must.

Irrigation is an artificial application of water to land for agricultural production and farming. The requirements for irrigation and crop growth are affected by weather variability. The amount of timing and evapotranspiration are two main weather-related requirements. Climate variability is something that all farmers need to react upon. Extended periods of dry conditions, commonly known as drought is one of the major impacts in the irrigation system. So if their proper forecast is done chances of losses are way lower than expected. Drought can increase daily crop water use due to lower humidity and accompanied by higher temperatures. Managing under the extreme conditions, irrigators need to understand daily and seasonal crop water use patterns, as well as adopt practices and technology which result in good production of crops.

Timing of fertilizer has a significant effect on crop yields. Proper timing of the fertilizer application increases yields, reduces nutrient losses and prevents damage to the environment. Wrong timing and not predicting the weather may result to waste of fertilizer and even damage the crop. Knowledge of how the application of the fertilizer is done is

required. Weather forecast can help the farmers to decide the timing on when to apply them and in which condition. Both the resources and money could be wasted if the application of fertilizer is done wrong and hence a proper knowledge and prediction is a must. According to research, fertilizing plants in winter is not good as the crops do not actively grow. Actual temperatures may shift above and below averages from year to year.

The consequences of unseasonal changes in temperature and their potential negative effects on host plants and pests are very well known. Unseasonably high temperatures may lead to lower plant productivity and more pests on the farm. Applying pest and disease control is important to protect the farm and crops from the insects. Weather forecast helps the farmers to know when to apply the pests and chemicals to avoid the crop wastage. By some estimates, up to 40 percent of the world's food supply is already lost due to pests. Reduction in pests and applied chemicals is important to ensure global food security, reduced application of inputs and decreased greenhouse emissions. Climate-smart pest management is a cross-sectoral approach that aims to highly reduce pest induced crop losses. And the method along with the forecast should be applied everywhere to ignore the wastage.

The method of getting experts to do tailor-made weather forecast is a little bit expensive compared with the use of the cheap weather forecast information available in the media but it is beneficial to the farmers in the long run. In the future, therefore, farmers will come to rely on the satellite forecasting due to numerous advantages.

Q.1 Discuss the co-relation between Agriculture and Weather forecasting.

Agriculture and farming are mainly dependent on seasons and weather. The temperature matters a lot in that case when it comes to the farming of different kinds of fruits, vegetables, and pulses. Previously we did not have a better understanding of weather forecasting and farmers were still doing their job based on predictions. Though sometimes they occur loss due to false predictions of weather. Now that the technology is developed and special weather forecasting mechanisms are available, the farmers can get all the updates are on a smartphone. Education towards that is, of course, an important thing but most of the farmer population at this stage knows the basics which make it easy for them to use the features. The relationship between weather and agriculture has, therefore, necessitated the need for accurate prediction of the weather; to enable farmers to make an informed decision that will not bring losses to them. Temperature, sunlight, and rainfall have major effects on the crops. For livestock, temperatures and adequate water and food are essential.

Q.2 How does Weather forecasting helps the farmers?

Occurrences of erratic weather are beyond human control. It is possible, however, to adapt to or mitigate the effects of adverse weather if a forecast of the expected weather can be obtained in time. Forecasts should ideally be used for small areas. Some aspects of weather forecasts for agriculture are quite distinct from synoptic weather forecasts. While clear weather is required for sowing operations, it must be preceded by seed zone soil moisture storage. Crop weather factors mean that crops and cropping practices vary across areas within the same season. In the case of well-organized weather systems, the desired areal delineation of forecasts can be realized. The area to which the weather forecasts will be applied must be unambiguously stated. Weather forecasting is a prediction on conditions of atmosphere depending on location and time. Every area will have their different predictions related to the condition of weather which makes pretty easy for the farmers to know how and what to do when. The relationship between weather and agriculture has, therefore, necessitated the need for accurate prediction of the weather; to enable farmers to make an informed decision that will not bring losses to them.

Q.3 How important is weather forecasting with respect to Irrigation?

Irrigation is an artificial application of water to land for agricultural production and farming. The requirements for irrigation and crop growth are affected by weather variability. The amount of timing and evapotranspiration are two main weather-related requirements. Climate variability is something that all farmers need to react upon. Extended periods of dry conditions, commonly known as drought is one of the major impacts in the irrigation system. So, if their proper forecast is done chances of losses are way lower than expected. Drought can increase daily crop water use due to lower humidity and accompanied by higher temperatures. Managing under the extreme conditions, irrigators need to understand daily and seasonal crop water use patterns, as well as adopt practices and technology which result in good production of crops.

Q.4 Discuss the role of fertilizers in a crop cycle?

Timing of fertilizer has a significant effect on crop yields. Proper timing of the fertilizer application increases yields, reduces nutrient losses and prevents damage to the environment. Wrong timing and not predicting the weather may result to waste of fertilizer and even damage the crop. Knowledge of how the application of the fertilizer is done is required. Weather forecast can help the farmers to decide the timing on when to apply them and in which condition. Both the resources and money could be wasted if the application of fertilizer is done wrong and hence a proper knowledge and prediction is a must. According to research, fertilizing plants in winter is not good as the crops do not actively grow. Actual temperatures may shift above and below averages from year to year

Q.5 Discuss the impact of seasonal changes of temperature on the crops.

The consequences of unseasonal changes in temperature and their potential negative effects on host plants and pests are very well known. Unseasonably high temperatures may lead to lower plant productivity and more pests on the farm. Applying pest and disease control is important to protect the farm and crops from the insects. Weather forecast helps the farmers to know when to apply the pests and chemicals to avoid the crop wastage. By some estimates, up to 40 percent of the world's food supply is already lost due to pests. Reduction in pests and applied chemicals is important to ensure global food security, reduced application of inputs and decreased greenhouse emissions. Climate-smart pest management is a cross-sectoral approach that aims to highly reduce pest induced crop losses. And the method along with the forecast should be applied everywhere to ignore the wastage.

EduTap

SEBI GRADE A 2022

PHASE 2 PAPER 2

Memory Based Paper Solution & Analysis



Q.1) Which of the following is not a method of quantitative control by RBI?

Static or Current – **STATIC**

Subject – **Finance**

Difficulty Level – **EASY**

Topic – **Functions of RBI**

Options:

- (a) CRR
- (b) SLR
- (c) Marginal Standing Facility
- (d) Repo and Reverse Repo
- (e) Credit Rationing

Answer: (e) Credit Rationing

Explanation:

3.2 Qualitative Tools of Monetary Policy

Having gone through the Quantitative tools of Monetary Policy, it is time to turn our attention to Qualitative tools of Monetary Policy. These tools help in ensuring that prudent practices are followed in the financial sector, while also ensuring that credit is channelized in the right direction.

- **Qualitative tools are direct and specific in nature.**
- **Qualitative tools** include persuasion by the Central bank in order to make commercial banks discourage or encourage lending which is done through **moral suasion**.
- Qualitative also called **selective credit control instruments** work through regulation of **margin requirement, credit rationing, regulation of consumer credit and direct action**.

3.2.1 Credit Rationing

- Rationing of credit is another method of selective credit control. It is done by **regulating the purposes for which the loans are given** among the various member banks. To **ensure overall development** of a nation, **development of various sectors is a must**. Finance is to be distributed to various sectors as per these requirements.
- **Priority sector** should be given **preference in lending loans**.
- For others, minimum attention only will be given in this respect. It paves way for the optimum utilization of money.

Q.2. Recently, SEBI has launched the mobile app _____ with a view to empower investors with knowledge about the securities market.

Static or Current – **CURRENT**

Subject – **Finance**

Difficulty Level – **EASY**

Topic – **NA**

Options:

- (a) Saarthi
- (b) UMANG
- (c) PARTH
- (d) Aayakar Setu
- (e) None of the above

Answer: (a) Saarthi

Explanation:

Amid the going trend of stock trading through mobile. SEBI has launched the mobile app “Saarthi”. This Mobile App is yet another initiative of SEBI with a view to empowering investors with knowledge about the securities market.

The Saarthi app aims to create awareness among the investors about the basic concepts of Securities Market, KYC Process, trading and settlement, mutual funds, recent market developments, investor grievances redressal mechanism, etc. The App is available in Hindi and English.

Q.3) Where any trade receivables are financed through a Trade Receivables Discounting System (TReDS); the concerned TReDS on behalf of the Factor shall, within a period of ___ days, from the date of such assignment or satisfaction thereof, as the case may be, file with the Central Registry the relevant details

Static or Current – **CURRENT**

Subject - **Finance**

Difficulty Level – **Moderate**

Topic – **NA**

Options:

- (a) 10
- (b) 15
- (c) 20
- (d) 25

(e) None of the above

Answer: (a) 10

Explanation:

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PRESS RELEASES

 (479 kb)

Date : Jan 20, 2022

RBI issues regulations under the amended Factoring Regulation Act, 2011

Government of India has recently amended the Factoring Regulation Act, 2011 ("the Act") which widens the scope of companies that can undertake factoring business. The Act permits Trade Receivables Discounting System (TReDS) to file the particulars of assignment of receivables transactions with the Central Registry on behalf of the Factors for operational efficiency. Further, the Act empowers the Reserve Bank of India to make regulations prescribing the manner of grant of certificate of registration and for prescribing the manner of filing of assignment of receivables transactions by TReDS on behalf of the Factors.

In exercise of the powers conferred under the Act, the Bank has issued the following regulations:

- a. Registration of Factors (Reserve Bank) Regulations, 2022 issued vide Notification No. DOR.FIN.080/CGM(JPS) – 2022 dated January 14, 2022 (published in Official Gazette – Extraordinary – Part-III, Section 4 dated January 17, 2022).
- b. Registration of Assignment of Receivables (Reserve Bank) Regulations, 2022 issued vide Notification No. DOR.FIN.081/CGM(JPS) – 2022 dated January 14, 2022 (published in Official Gazette – Extraordinary – Part-III, Section 4 dated January 17, 2022).

Under the provisions of the regulations mentioned above, all existing non-deposit taking NBFC-Investment and Credit Companies (NBFC-ICCs) with asset size of ₹1,000 crore & above will be permitted to undertake factoring business subject to satisfaction of certain conditions. This will increase the number of NBFCs eligible to undertake factoring business significantly from 7 to 182. Other NBFC-ICCs can also undertake factoring business by registering as NBFC-Factor. Eligible companies may apply to the Reserve Bank for seeking registration under the Act. Further, in respect of trade receivables financed through a Trade Receivables Discounting System (TReDS), the particulars of assignment of receivables shall be filed with the Central Registry on behalf of the Factors by the TReDS concerned within 10 days.

(Yogesh Dayal)
Chief General Manager

Press Release: 2021-2022/1576

Q.4) Which of the following is applicable on Dynamic QR code on B2C invoices under GST applicable from 1st July 2021?

Static or Current – **STATIC**

Subject – **FINANCE**

Difficulty Level – **Moderate**

Topic – **Direct and Indirect Taxes**

Options:

- a) All taxpayers with an annual turnover of more than Rs.500 crore in any preceding financial year (starting from 2017-18) to compulsorily generate a Dynamic QR code on their B2C invoices
- b) an insurer or a banking company or a financial institution, including a non-banking financial company
- c) a goods transport agency supplying services in relation to transportation of goods by road in a goods carriage
- d) supplying passenger transportation service
- e) supplying services by way of admission to exhibition of cinematograph in films in multiplex screens

Answer: (a) All taxpayers with an annual turnover of more than Rs.500 crore in any preceding financial year (starting from 2017-18) to compulsorily generate a Dynamic QR code on their B2C invoices

Explanation:

What is a Dynamic QR Code?

The full form of a QR code is a quick response code that contains coded data of an e-invoice. It is a two-dimensional version of a barcode and can be scanned from any mobile device. Dynamic QR codes must be self-generated by the taxpayer. The principle saying of generating dynamic QR codes for B2C e-invoices is to promote digitalization and online payments utilizing any UPI. A dynamic QR code can be edited by the taxpayer to provide value-added features, for example,

1. Scan password protection,
2. Device-based redirection, and
3. Access management.

Dynamic QR Code Applicability Timeline

1. Initially CBIC announced to implement Dynamic QR code on B2C invoices from 1st October 2020.
2. Then CBIC issued Notification No. 14/2020-Central Tax, according to which every taxpayer whose aggregate turnover exceeded INR 500 crore in any preceding financial year needs to compulsorily generate a Dynamic QR code on their B2C invoices from 1st December 2020.
3. Further CBIC waived off the penalty for the non-compliance for the period from 1st December 2020 to 30th June 2021 due to an unprecedented situation (COVID-19). However, as per Notification No. 06/2021-Central Tax there was a condition that the said taxpayer complies with the dynamic QR code provision from 1st July 2021.

Q.5) As per the recommendations of the 15th Finance Commission, which of the following is not one of the four themes mentioned in devolution of Performance Based Incentives and Grants to States?

Static or Current – **Static**
Subject – **Finance**
Difficulty Level – **Easy**
Topic – **Finance Commission**

Options:

- a) Social Sector
- b) Rural Economy
- c) Power Sector Reform
- d) Government and Administrative Reforms
- e) Manufacturing Reform

Answer: (e) Manufacturing Reform

As per 15th Finance Commission, Performance Based Incentives and Grants to States

revolve around four main themes.

- The first is the **social sector**, where it has focused on **health and education**.
- Second is the **rural economy**, where it has focused on **agriculture and the maintenance of rural roads**.
- Third, **governance and administrative reforms** under which it has recommended grants for **judiciary, statistics and aspirational districts and blocks**.
- Fourth, it has developed a **performance-based incentive system for the power sector**, which is not linked to grants but provides an important, additional borrowing window for States.

Q.6) Which of the following statement regarding the Interest rate parity is true?

Static or Current – **STATIC**

Subject – **Finance**

Difficulty Level – **EASY**

Topic – **Forex Market**

Options:

- (a) the same goods must sell for the same price across countries.
- (b) interest rates across countries will eventually be the same
- (c) there is an offsetting relationship between interest rate differentials and differentials in the forward & spot exchange market.
- (d) there is an offsetting relationship provided by costs and revenues in similar market environments.
- (e) None of the above

Answer: (c) there is an offsetting relationship between interest rate differentials and differentials in the forward & spot exchange market

Explanation:

The interest rate parity (IRP) is a theory regarding the relationship between the spot exchange rate and the expected spot rate or forward exchange rate of two currencies, based on interest rates. The theory holds that the forward exchange rate should be equal to the spot currency exchange rate *times* the interest rate of the home country, divided by the interest rate of the foreign country.

Interest Rate Parity Formula

$$\text{Forward Exchange Rate (Fo)} = \text{Spot Exchange Rate (So)} \times \frac{(1 + \text{Interest rate A})^n}{(1 + \text{Interest rate B})^n}$$



Q.7) Events like Anger, frustration, humour, etc, can blur the decision-making capacities of a person and thus limit the effectiveness of their communication. These events act as which of the following type of barriers to effective communication?

Static or Current – **Static**

Subject – **Management**

Difficulty Level – **MODERATE**

Topic – **Communication**

Options:

- (a) Psychological Barriers
- (b) Emotional Barriers
- (c) Physical Barriers
- (d) Perception Barriers
- (e) NONE OF THE ABOVE

Answer: (b) Emotional Barrier

Explanation:

Emotional Barriers

The emotional IQ of a person determines the ease and comfort with which they can communicate. A person who is emotionally mature will be able to communicate effectively. On the other hand, people who let their emotions take over will face certain difficulties.

A perfect mixture of emotions and facts is necessary for effective communication. Emotions like anger, frustration, humour, can blur the decision-making capacities of a person and thus limit the effectiveness of their communication.

Q.8) Which of the following is true for organizational Morale but not for motivation?

Static or Current – **Static**
Subject – **Management**
Difficulty Level – **Moderate**
Topic – **Motivation**

Options:

- (a) Morale deals with the work environment and is primary factor driving the organization
- (b) Morale acquires primary concern in every organization
- (c) Morale is an internal-psychological drive of an individual which urges him to behave in a specific manner
- (d) High Morale leads to high motivation of employees
- (e) None of the above

Answer: (a) Morale deals with the work environment and is primary factor driving the organization

Explanation:

Though **motivation and morale** are closely related concepts, they are different in following ways:

- ✓ While motivation is an internal-psychological drive of an individual which urges him to behave in a specific manner, morale is more of a group scenario.
- ✓ Higher motivation often leads to higher morale of employees, but high morale does not essentially result in greatly motivated employees as to have a positive attitude towards all factors of work situation may not essentially force the employees to work more efficiently.
- ✓ While motivation is an individual concept, morale is a group concept. Thus, motivation takes into consideration the individual differences among the employees, and morale of the employees can be increased by taking those factors into consideration which influence group scenario or total work settings.
- ✓ Motivation acquires primary concern in every organization, while morale is a secondary phenomenon because high motivation essentially leads to higher productivity while high morale may not necessarily lead to higher productivity.
- ✓ Things tied to morale are usually things that are just part of the work environment, and things tied to motivation are tied to the performance of the individual.

Q.9) Identify the HRD Subsystem where in employee performance is increased with increase in his ability and Knowledge?

Static or Current – **STATIC**

Subject – **Management**

Difficulty Level – **EASY**

Topic – **HRD**

Options:

- (a) Training and Development
- (b) Career Planning
- (c) Performance Appraisal
- (d) Organizational Development
- (e) NONE OF THE ABOVE

Answer: (a) Training and Development

Explanation:

Training is an attempt to improve current or future employee performance by increasing an employee's ability to perform through learning usually by changing the employee's attitude or increasing his or her knowledge. The need for training is determined by the deficiency of employee's performance. Training process include acquiring skills, concepts, attitudes for increasing effectiveness in doing a specific job or jobs. Training provides necessary impetus to implement change, improve efficiency, managerial effectiveness and increase productivity.

Q.10) Identify the leadership style where a leader has inspirational and Charismatic Approach?

Static or Current – **STATIC**

Subject – **Management**

Difficulty Level – **Easy**

Topic – **Leadership**

Options:

- (a) Transactional leadership
- (b) Transformational leadership
- (c) Authoritarian Leadership
- (d) Delegative Leadership
- (e) None of the above

Answer: (e) Transformational Leadership

Explanation:

In **transformational leadership styles**, the leader inspires his or her followers with a vision and then encourages and empowers them to achieve it. The leader also serves as a role model for the vision.

Charismatic leadership resembles transformational leadership: both types of leaders inspire and motivate their team members.

Q.11) Identify the Role of Manager where manager solves the problem, provides feedback, duly recognizes his employees, provides training and development and monitors the work?

Static or Current – **STATIC**
Subject – **Management**
Difficulty Level – **Moderate**
Topic – **General Management**

Options:

- (a) Performance Management
- (b) Developmental
- (c) Providing perspective
- (d) Change Agent
- (e) None of the above

Answer: (a) Performance Management

Explanation:

Performance management is a **corporate management tool that helps managers monitor and evaluate employees' work**. Performance management's goal is to create an environment where people can perform to the best of their abilities and produce the highest-quality work most efficiently and effectively.

Q.12) Which of the following is an incentive and not a reward?

Static or Current – **Static**
Finance or Management – **Management**
Difficulty Level – **Moderate**
Topic – **Motivation**

Options:

- (a) Given to stimulate greater production
- (b) Recognition for past performance
- (c) Forward Looking
- (d) Providing cash for something done in past
- (e) None of the above

Answer: (c) Forward Looking

Explanation:

BASIS FOR COMPARISON	REWARD	INCENTIVE
Meaning	The reward can be understood as a prize given to someone, so as to recognize an employee's hard work or achievement.	The incentive is anything which motivates, or encourages an employee, to achieve something.
What is it?	A tangible item that is given to congratulate and celebrate success or achievement.	Motivational factor designed to tune the desired behavior.
Predetermined	No	Yes
Nature	Retrospective	Forward-looking
Involves	Providing monetary or non-monetary recognition for achieving a goal, or attaining a certain level of skills.	Motivating people to complete targets or level up their performances.
Objective	To appreciate and recognize people for the work done.	To motivate employees to achieve something.

Q.13) The president of NCLT, chairperson of NCLAT and Judicial members are appointed by the government in consultation with _____.

Static or Current – **STATIC**

Subject – **Companies Law**

Difficulty Level – **Easy**

Topic – **Chapter XXVII - NCLT and NCLAT**

Options:

- (a) President of India
- (b) Law Minister
- (c) Minister of Corporate affairs
- (d) Chief Justice of India
- (e) SEBI Chairman

Answer: (d)

Explanation:

Section 412. Selection of Members of Tribunal and Appellate Tribunal

(1) The President of the Tribunal and the chairperson and Judicial Members of the Appellate Tribunal , shall be appointed after consultation with the Chief Justice of India.

(2) The Members of the Tribunal and the Technical Members of the Appellate Tribunal shall be appointed on the recommendation of a Selection Committee consisting of—

- (a) Chief Justice of India or his nominee – Chairperson.
- (b) a senior Judge of the Supreme Court or Chief Justice of High Court -Member.
- (c) Secretary in the Ministry of Corporate Affairs – Member; and
- (d) Secretary in the Ministry of Law and Justice – Member.

Q.14) The tenure of independent directors is for _____consecutive years and if he is to be appointed for second term, special resolution needs to be passed.

Static or Current – **Static**

Subject – **Companies Law**

Difficulty Level – **Easy**

Topic – **Chapter XI Appointment of Directors (section 149 to 160)**

Options:

- (a) 5
- (b) 3
- (c) 10
- (d) 6
- (e) None of the above

Answer: (a) 5

Explanation:

Section 149. Company to have Board of Directors

(10) Subject to the provisions of section 152, an independent director shall hold office for a term up to **five consecutive years** on the Board of a company but shall be eligible for reappointment on passing of a special resolution by the company and disclosure of such appointment in the Board's report.

Q.15) Under Section 124 of the Companies' act, if the money is not paid to the shareholders and lying idle for ____ years, it is transferred to investor education and protection fund.

Static or Current – **STATIC**

Subject – **Companies Law**

Difficulty Level – **Easy**

Topic – **Chapter VIII Declaration and payment of Dividend**

Options:

- (a) 5
- (b) 7
- (c) 10
- (d) 15
- (e) 12

Answer: (b) 7

Explanation:

Section 124.Unpaid Dividend Account.

(5) Any money transferred to the Unpaid Dividend Account of a company in pursuance of this section which remains unpaid or unclaimed for a **period of seven years** from the date

of such transfer **shall be transferred by the company along with interest accrued, if any, thereon to the Fund** established under sub-section (1) of section 125 and the company shall send a statement in the prescribed form of the details of such transfer to the authority which administers the said Fund and that authority shall issue a receipt to the company as evidence of such transfer.

Q.16) According to Section 141 of Companies Act, who is eligible to be appointed as an auditor of the company?

Static or Current – **Static**
Subject – **Companies Law**
Difficulty Level – **Easy**
Topic – **Chapter X Audit and Auditors**

Options:

- (a) Chartered Accountant
- (b) Company Secretary
- (c) Certified Management Accountant
- (d) Chief Financial Officer
- (e) None of the above

Answer: (a) Chartered Accountant

Explanation:

Section 141. Eligibility, qualifications and disqualifications of auditors.

(1) A person shall be eligible for appointment as an auditor of a company only if he is a chartered accountant in practice.

Q.17) A company shall not register a transfer of partly paid shares, unless the company has given a notice to the transferee and the transferee has given no objection to the transfer within _____ weeks from the date of receipt of notice.

Static or Current – **STATIC**
Subject – **Company Law**
Difficulty Level – **Easy**
Topic – **Chapter IV Share Capital and Debenture**

Options:

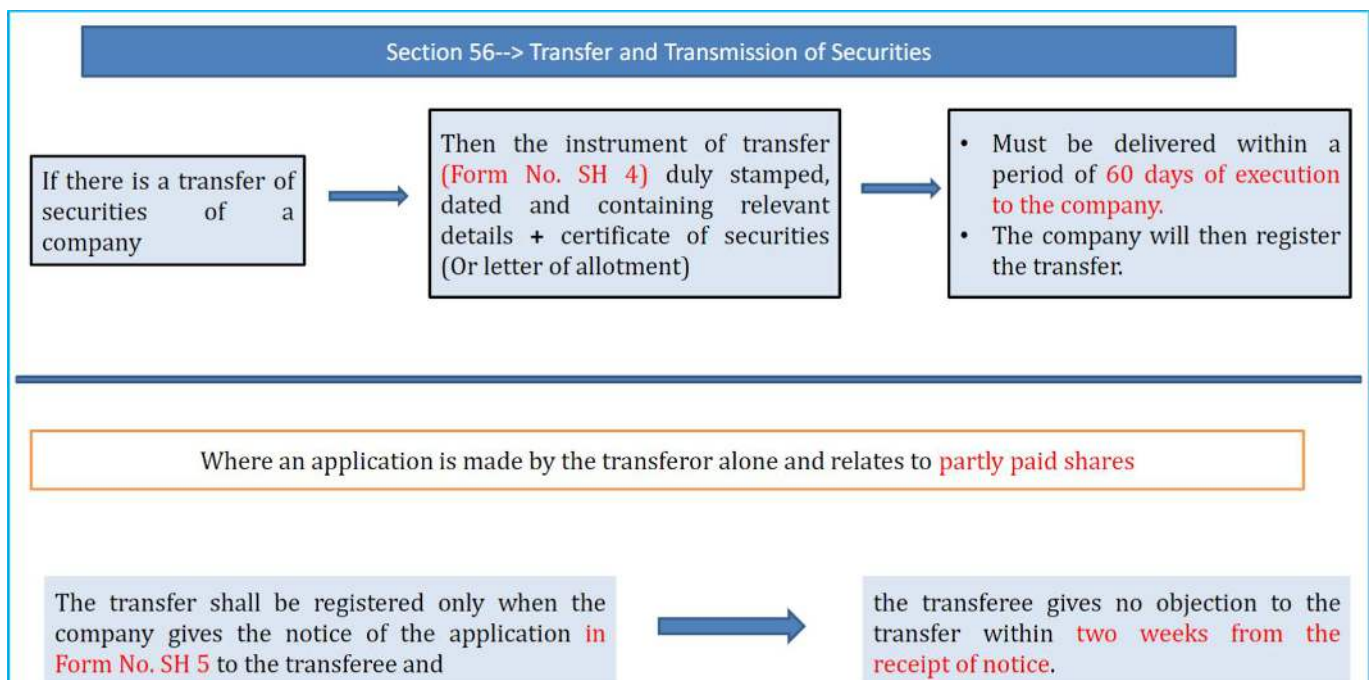
- (a) 2

- (b) 4
- (c) 6
- (d) 8
- (e) None of the above

Answer: (a) 2

Explanation:

A company shall not register a transfer of partly paid shares, unless the company has given a notice in **Form No. SH.5** to the transferee and the transferee has given no objection to the transfer within **two weeks** from the date of receipt of notice.



Q.18) Every listed company, may upon notice of not less than one thousand small shareholders or one-tenth of the total number of such shareholders, whichever is lower, can have _____ number of small shareholders' directors elected by the small shareholders.

Static or Current - **STATIC**
 Subject – **COMPANY LAW**
 Difficulty Level – **EASY**
 Topic – **Chapter XI Appointment of Directors (section 149 to 160)**

Options:

- A. 1

- B. 2
- C. 3
- D. 4
- E. 5

Answer: (A) 1

Explanation:

Section 151. Appointment of director elected by small shareholders

A listed company may have one director elected by such small shareholders in such manner and with such terms and conditions as may be prescribed.

Explanation.—For the purposes of this section "small shareholders" means a shareholder holding shares of nominal value of not more than twenty thousand rupees or such other sum as may be prescribed.

Q.19) As per provisions of the Companies Act, 2013, the board shall be called by giving not less than _____ days' notice in writing to every director at his address registered with the company.

Static or Current – **STATIC**

Subject – **Companies Law**

Difficulty Level – **EASY**

Topic – **Chapter XII - Meeting of Board of Directors (Section 172-183)**

Options:

- (a) 7
- (b) 15
- (c) 30
- (d) 60
- (e) 90

Answer: (a) 7

Explanation:

Section 173. Meetings of Board

As per provisions of Section 173(3) of the Companies Act, 2013, the board shall be called by giving not less than **seven days'** notice in writing to every director at his address registered with the company and such notice shall be sent by hand delivery or by post or by electronic means.

Q.20) Recently SEBI has directed the mutual fund (MF) industry to set up an audit committee at the asset management company (AMC) level. As per the provision of companies Act, what is the minimum number directors needed for Audit Committee?

Static or Current – **STATIC**

Subject – **Companies Law**

Difficulty Level – **EASY**

Topic - **Chapter XII - Meeting of Board of Directors (Section 172-183)**

Options:

- A. 1
- B. 3
- C. 5
- D. 7
- E. None of the above

Answer: (b) 3

Explanation:

Section 177. Audit Committee

(2) The Audit Committee shall consist of a minimum of three directors with independent directors forming a majority.

Q.21) Application money is the money received by the company when it issues shares to the public, once the application money is received then allotment is made to the shareholders. The minimum share application money is _____% of the nominal value of shares.

Static or Current – **STATIC**

Subject – **Companies Law**

Difficulty Level – **EASY**

Topic - **Chapter III - Prospectus & Allotment of Securities**

Options:

- A. 5%
- B. 2.5%
- C. 7%
- D. 10%

E. None of the above

Answer: (A) 5%

Explanation:

Section 39. Allotment of securities by company

(2) The amount payable on application on every security shall not be less than **five per cent** of the nominal amount of the security or such other percentage or amount, as may be specified by the Securities and Exchange Board by making regulations in this behalf.

Q.22) Identify the Incorrect statement regarding NBFC.

Static or Current – **STATIC**

Subject – **Economics**

Difficulty Level – **EASY**

Topic – **Non-Banking Financial Institutions**

Options:

- (a) NBFCs do not form part of the payment and settlement system
- (b) NBFC cannot issue cheques drawn on itself
- (c) Deposit insurance facility of Deposit Insurance and Credit Guarantee Corporation is not available to depositors of NBFCs
- (d) NBFC is a company registered under the Companies Act, 1956 engaged in the business of loans and advances, acquisition of shares/stocks/bonds/debentures/securities issued by Government
- (e) NBFC can accept demand deposits

Answer: (e) NBFC can accept demand deposits

Explanation:

- The NBFCs are allowed to accept/renew public deposits for a minimum period of 12 months and maximum period of 60 months. **They cannot accept deposits repayable on demand.**
- The deposits with NBFCs are not insured.
- The repayment of deposits by NBFCs is not guaranteed by RBI.

Q.23) Non-Plan Expenditure constitutes the biggest proportion of the government's total expenditure. Which of the following is not a non-planned expenditure?

Static or Current – **STATIC**

Subject – **Economics**

Difficulty Level – **Moderate**

Topic – **Fiscal Policy**

Options:

- A. Defense Expenditure
- B. Debt servicing
- C. Expenditure on Electricity generation
- D. Interest Payments
- E. Subsidies

Answer: (C) Expenditure on Electricity generation

Explanation:**'Non-plan Expenditure'**

- **Definition:** This is largely the revenue expenditure of the government, although it also includes capital expenditure. It covers all expenditure not included in the Plan Expenditure.
- **Description:** A major part of the Non-Plan Expenditure is obligatory in nature, like interest payments, pensions, statutory transfers to States and Union Territories governments.

Non-Plan Expenditure constitutes the biggest proportion of the government's total expenditure.

- Non-plan revenue expenditure is accounted for by interest payments, subsidies (mainly on food and fertilizers), wage and salary payments to government employees, grants to States and Union Territories governments, pensions, police, economic services in various sectors, other general services such as tax collection, social services, and grants to foreign governments.
- Non-plan capital expenditure mainly includes defense, loans to public enterprises, loans to States, Union Territories, and foreign governments.

Non-Plan Expenditure

Revenue Expenditure

1. Interest Payments and Prepayment Premium
2. Defence
3. Subsidies
4. Grants to State and UT Governments
5. Pensions
6. Police
7. Assistance to state from National Calamity Contingency Fund
8. Economic Services (Agriculture, Industry, Power, Transport, Communications, Science & Technology, etc.)
9. Other General Services (Organs of State, Tax Collection, External Affairs, etc.)
10. Social Services (Education, Health, Broadcasting, etc.)
11. Postal Deficit
12. Expenditure of Union Territories without Legislature
13. Amount met from National Calamity Contingency Fund
14. Grants to Foreign Governments

Capital Expenditure

1. Defence

Since Option A, B, D and E forms part of non-plan expenditure as shared in the above explanation, Option C is the right answer.

Q.24) Which of the following defines the monetary base?

Static or Current – **Static**

Subject – **Economics**

Difficulty Level – **Easy**

Topic – **Money Supply**

Options:

- A. The sum of currency in circulation and Bankers' deposits with the RBI.
- B. The sum of currency in circulation and the currency held by commercial banks.
- C. The sum of gold and foreign exchange held by the central bank
- D. The sum of real assets of the banking sector plus its net worth
- E. None of the above

Answer: (A) The sum of currency in circulation and Bankers' deposits with the RBI.

‘Bankers’ deposits with the Reserve Bank’ represent balances maintained by banks in the current account with the Reserve Bank mainly for maintaining Cash Reserve Ratio (CRR) and as working funds for clearing adjustments.

Explanation:

What Is the Monetary Base?

- Also known as M₀, the monetary base of an economy includes all of the physical paper and coin currency in circulation, plus bank reserves held by the central bank.
- The monetary base is sometimes referred to as "high-powered money" as it can be expanded through the money multiplier effect of the fractional reserve banking system.
- Economists typically look to more comprehensive monetary aggregates such as M1 and M2 instead of the monetary base.

M ₀	=	Currency in Circulation + Bankers' Deposits with the RBI + 'Other' Deposits
		with the RBI

Q.25) Calculate National Income or NNP at Factor Cost (FC):

Particulars	Rs in Crores
GNP at Market Price	5069
Indirect Taxes	495
Subsidies	69
Consumption of Fixed Capital	626

Static or Current – **STATIC**

Subject – **Economics**

Difficulty Level – **Easy**

Topic – **National Income**

Options:

A. 4017

B. 3025

C. 4527

D. 5500

E. 4897

Answer: (a) 4017

Explanation:

Solution

Formula: NNP at FC= GDP at MP - Consumption of Fixed Capital - Indirect Taxes + Subsidies

$$\begin{aligned} \text{NNP at FC} &= 5069 - 626 - 495 + 69 \\ &= 4017 \end{aligned}$$

Q.26) Which of the following statements is incorrect regarding Phillips Curve?

Static or Current – **Static**

Subject – **Economics**

Difficulty Level – **Moderate**

Topic – **Phillips Curve**

Options:

- (a) The Phillips Curve states that inflation and unemployment have an inverse relationship.
- (b) The downward sloping curve of Philips Curve is generally held to be valid only in the short run.
- (c) In the long run, Philips Curve is usually thought to be horizontal at the Non-Accelerating Inflation Rate of Unemployment (NAIRU).
- (d) High inflation and High unemployment are because of recession
- (e) None of the above

Answer: (d) High inflation and High unemployment is because of recession

Explanation:

- The Phillips curve states that inflation and unemployment have an inverse relationship. Higher inflation is associated with lower unemployment and vice versa.
- The Phillips curve was a concept used to guide macroeconomic policy in the 20th century, but was called into question by the stagflation of the 1970's.

- Understanding the Phillips curve considering consumer and worker expectations, shows that the relationship between inflation and unemployment may not hold in the long run.

High Inflation and High unemployment are generally the situation under the stagflation and not in the recession. Hence Option D is the answer.

Q.27) Which of the following statements is incorrect regarding Monopolistic Competition?

Static or Current – **STATIC**

Subject – **Economics**

Difficulty Level – **Moderate**

Topic – **Market Structure**

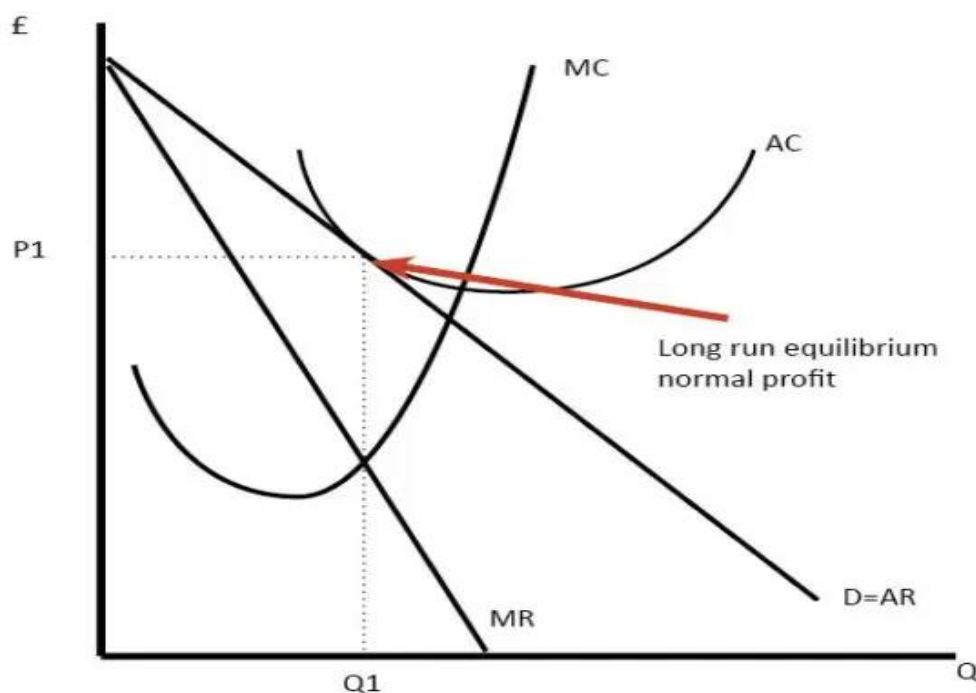
Options:

- Monopolistic competition exists when there are large number of buyers and sellers.
- In the monopolistic competition, there is no barrier to entry and exit for the firms.
- Monopolistic competition has product differentiation and firms bear selling costs.
- Monopolistic Competition has less elastic demand than the perfect competition
- There is no excess capacity in the long run with normal profits

Answer: (e) There is no excess capacity in the long run with normal profits

Explanation:

The monopolistically competitive firm's long run equilibrium situation is illustrated in Figure below.



The entry of new firms leads to an *increase* in the supply of differentiated products, which causes the firm's market demand curve to shift to the *left*. As entry into the market

increases, the firm's demand curve will continue shifting to the left until it is just tangent to the average total cost curve at the profit maximizing level of output, as shown in Figure. At this point, the firm's economic profits are zero, and there is no longer any incentive for new firms to enter the market. Thus, in the long run, the competition brought about by the entry of new firms will cause each firm in a monopolistically competitive market to earn normal profits, just like a perfectly competitive firm.

Excess capacity. Unlike a perfectly competitive firm, a monopolistically competitive firm ends up choosing a level of output that is *below* its minimum efficient scale, labeled as point *b* in Figure. When the firm produces below its minimum efficient scale, it is underutilizing its available resources. In this situation, the firm is said to have **excess capacity** because it can easily accommodate an increase in production. This excess capacity is the major social cost of a monopolistically competitive market structure.

Q.28) Which of the following statements is correct if the demand function is $D = 18 - 3P$?

Static or Current – **Static**

Subject – **Economics**

Difficulty Level – **Easy**

Topic – **Demand and Supply**

Options:

- a) Demand function shows the functional relationship between Quantity supplied for a commodity and its various Determinants.
- b) The quantity demanded is directly related to price of the product
- c) For the given Demand function, Maximum price is 6 and Demand curve is linear with slope -3
- d) The above equation shows a curvilinear demand function.
- e) None of the above

Answer: (c) For the given Demand function, Maximum price is 6 and Demand curve is linear with slope -3

Explanation:

Price will be maximum when Quantity is Zero i.e., $D=0$

Therefore $18-3P = 0$

$\Rightarrow P=6$

In the equation $f(D) = a - b(P)$

b= slope of the curve. Hence Slope is -3.

The above Solution is based on the concept provided by NCERT. As per the NCERT, for a Linear Demand Function $D(p) = a - bp$, Slope is $-b$. Please refer the image below.

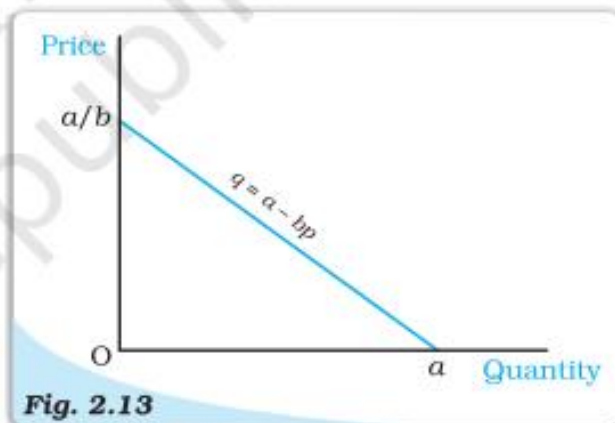
Law of Demand: If a consumer's demand for a good moves in the same direction as the consumer's income, the consumer's demand for that good must be inversely related to the price of the good.

Linear Demand

A linear demand curve can be written as

$$d(p) = a - bp; 0 \leq p \leq \frac{a}{b}$$
$$= 0; p > \frac{a}{b} \quad (2.13)$$

where a is the vertical intercept, $-b$ is the slope of the demand curve. At price 0, the demand is a , and at price equal to $\frac{a}{b}$, the demand is 0. The slope of the demand curve measures the rate at which demand changes with respect to its price. For a unit increase in the price of the good, the demand falls by b units. Figure 2.13 depicts a linear demand curve.



Q.29) Find the incorrect option regarding the elasticity of commodities?

Static or Current – **Static**

Subject – **Economics**

Difficulty Level – **Moderate**

Topic – **Elasticity of Demand**

Options:

- a) Salt has perfectly elastic demand.
- b) Luxury goods have elastic demand
- c) Lifesaving drugs have perfectly inelastic demand
- d) A commodity with many substitutes has elastic demand
- e) None of the above

Answer: (a) Demand of salt is perfectly elastic

Explanation:

Salt/Prescribed medicines have **perfectly elastic demand**. This is because salt has no close

substitutes and makes up a very small amount of the household budget. Due to this, a change in prices of salt has a little or no impact on its quantity demanded.

Q.30) Economic theory and good practice suggest that a government should run deficits during recessions — when tax revenues are low and government spending is high and deficits should be balanced by surpluses during booms and when spending needs are low. The theory which explains the process when the government try to align its expenditure with revenue is termed as _____.

Static or Current – **STATIC**

Subject – **Economics**

Difficulty Level – **Moderate**

Topic – **Fiscal Policy**

Options:

- a) Fiscal Prudence
- b) Fiscal Deficit
- c) Fiscal Analysis
- d) Primary Deficit
- e) None of the above

Answer: (a) Fiscal Prudence

Explanation:

In simple words ...fiscal prudence is Spending within budget.

Means when your expenses are according to your planned expenditure and your budget doesn't suffer a deficit. So, the theory dealing with fiscal prudence is when the federal is trying to align government expenditure with government revenue.

7.5 Fiscal Responsibility & Budget Management Act 2003

In a **multi-party parliamentary system**, **electoral concerns** play an important role in determining **expenditure policies**. A **legislative provision**, it is argued, that is **applicable to all governments** – present and future – is likely to be effective in **keeping deficits under control**.

The **enactment of the FRBMA, in August 2003**, marked a turning point in fiscal reforms, binding the government through an **institutional framework to pursue a prudent fiscal policy**.

The FRBM Act aims to introduce transparency in India's fiscal management systems. The Act's long-term objective is for India to **achieve fiscal stability** and to **give the Reserve Bank of India (RBI) flexibility to deal with inflation in India** (by committing the government to follow a path of **fiscal prudence** – i.e. government will not irrationally increase its own spending causing an upward pressure on inflation. The FRBM Act was enacted to introduce more equitable distribution of India's debt over the years.

The FRBM Act made it mandatory for the government to place the following along with the Union Budget documents in Parliament annually:

Q.31) Which of the following is not the reason for demand pull inflation?

Static or Current – **STATIC**

Subject – **Economics**

Difficulty Level – **Moderate**

Topic – **Inflation**

Options:

- A. Increase in Population
- B. Deficit financing
- C. Increase in Administered Price
- D. Over expansion of the Money Supply
- E. None of the above

Answer: (C) Increase in Administered Price

Explanation:

Let's analyze the options

Option A – The larger the population of a country, the greater is its demand for consumer goods. Hence increase in Population is a reason for demand pull inflation.

Option B & D - Keynesian economists counter that extra income is created by every additional dollar of government spending or every dollar reduction in taxes. This is known as the multiplier effect. Thus, deficit spending could theoretically be even more productive

than private investment in terms of raising aggregate demand. Also Increase in Money supply will increase aggregate demand in the economy.

Option C - An administered price is the price of a good or service as dictated by a government or centralized authority, as opposed to buyers and sellers interacting according to supply and demand. So, inflation is not because of Demand.

Hence Answer is Option C.

Q.32) Which of the following is not correct w.r.t to monopoly?

Static or Current – **Static**
Subject – **Economics**
Difficulty Level – **Moderate**
Topic – **Market Structure**

Options:

- A. A bilateral monopoly exists when a market has only one supplier and one buyer.
- B. Monopoly can lead to higher equilibrium price and lower equilibrium quantity, generating a larger welfare for monopolists than under perfect competition
- C. Monopolies have a downward sloping Demand Curve
- D. There is restriction of entry of new firms in the monopoly market
- E. Monopoly promotes perfect knowledge of prices and technology.

Answer: (E) Monopoly promotes perfect knowledge of prices and technology

Explanation:

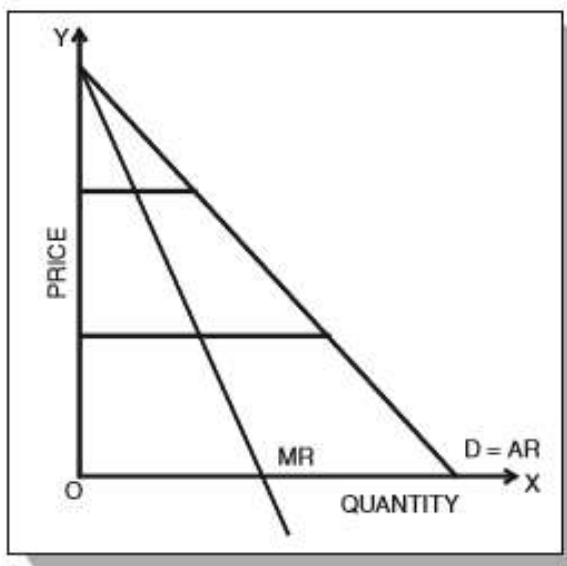


Fig. 1 : A monopolist's demand curve and marginal revenue curve

Definition of 'Monopoly'

Definition: A market structure characterized by a single seller, selling a unique product in the market. In a monopoly market, the seller faces no competition, as he is the sole seller of goods with no close substitute.

Perfect knowledge is the characteristic in the Perfect competition and not in monopoly. As it is the wish of monopolist how much information it wants to share.

Description: In a monopoly market, factors like government license, ownership of resources, copyright and patent and high starting cost make an entity a single seller of goods. All these factors restrict the entry of other sellers in the market. Monopolies also possess some information that is not known to other sellers.

Characteristics associated with a monopoly market make the single seller the market controller as well as the price maker. He enjoys the power of setting the price for his goods.

Q.33) Which of the following is a modern management accounting technique?

Static or Current – **STATIC**

Subject – **Costing**

Difficulty Level – **Easy**

Topic – **Budget and Budgetary Control**

Options:

- a) Human Resource Accounting
- b) Static Reports
- c) Responsibility Accounting
- d) Break Even Analysis
- e) None of the above

Answer: (c) Responsibility Accounting

Explanation:

Some of the Techniques involved in modern management accounting are:

1. **Marginal costing-** this technique allows an organization to know the point at which production can be expanded or to determine the point at which economies of scale can be achieved.
2. **Capital Budgeting-** it allows organizations to analyze inflows and outflows of major projects and investments especially new projects to determine whether expected results are met and to look for alternatives to maximize production.
3. **Inventory valuation-** the managers use this technique to calculate the value of unsold

inventory and also evaluate the value of goods sold and the profit generated.

4. **Product costing**- this technique helps managers to determine the costs incurred when creating a product, hence making it easy to set product prices.
5. 5. Responsibility accounting is **a kind of management accounting that is accountable for all the management, budgeting, and internal accounting of a company**. The primary objective of this accounting is to support all the Planning, costing, and responsibility centres of a company.

Q.34) Which of the following does not classify semi variable costs into fixed and variable costs?

Static or Current – **Static**

Subject – **Costing**

Difficulty Level – **Moderate**

Topic – **Miscellaneous (Labour Cost)**

Options:

- A. Graphical Method
- B. Simultaneous Equations
- C. High and Low Method
- D. Least Square Method
- E. Straight Piece Method

Answer: (E) Straight Piece Method

Explanation:

Sometimes, a business will need to use cost estimation techniques, particularly in the case of mixed costs, so that they can separate the fixed and variable components, since only the variable components change in the short run. Estimation is also useful for using current data to predict the effects of future changes in production on total costs. Different estimation techniques that can be used include:

- 1) the scatter graph (Graphical Method)
- 2) the high-low method,
- 3) Simulation Equations.
- 4) Least Square Method
- 5) regression analysis

Hence Option A, B, C and D are the techniques that help to classify semi variable costs into fixed and variable costs. Therefore, Answer is Option E.

Straight piece rate system is the simplest method of payment by result in which payment is made according to the number of units produced at a fixed rate per unit

Q.35) Calculate the Prime Cost using the information given below:

Direct Material Cost– Rs 1,00,000

Direct Labour Cost– Rs 68,000

Fixed Overheads – Rs 1,50,000

Variable Overheads – Rs 24,000

Static or Current – **Static**

Subject – **Costing**

Difficulty Level – **Easy**

Topic – **Overview of Cost and Management Accounting**

Options:

A. Rs 1,58,000

B. Rs 1,68,000

C. Rs 1,78,000

D. Rs 1,88,000

E. Rs 1,98,000

Answer: (B) Rs 1,68,000

Explanation:

Prime Cost = Direct Material Cost + Direct Labour Cost

$$= 1,00,000 + 68,000$$

$$= 1,68,000$$

Q.36) Calculate the Breakeven point (BEP) from the following information.

Sale - ₹30 per unit

Trade Discount – 10%

Direct Material - ₹12 per unit

Direct Labour - ₹6 per unit

Variable Expenses – 50% of Direct Labour

Fixed Cost - ₹60,000

Static or Current – **STATIC**

Subject - **Costing**

Difficulty Level – **Moderate**

Topic – **Marginal Costing**

Options:

1. 1000
2. 10,000
3. 1,00,000
4. 6000
5. None of the above

Answer: (B) 10,000 units

Explanation:

In the Given Question

Selling Price = Rs 30

Trade Discount = 10 % of SP = 10% of 30 = Rs 3

- *Break-even point as per units*

Break-Even point (Units)= Fixed Costs ÷ (Revenue per Unit – Variable Cost per Unit).

Revenue per unit = Selling price - Discount - Material cost - Labour cost

= 30 - 3 - 12 - 6 {Discount highlighted is the trade discount that we calculated Above}

= 9

Variable Cost per unit = 50 % of Direct Labour

= 50 % of 6

= 3

Break-Even point (Units)= Fixed Costs ÷ (Revenue per Unit – Variable Cost per Unit)

=> BEP = 60000 / (9-3) = 10,000 units

Q.37) Which of the following is incorrect with reference to Marginal Costing?

Static or Current – **STATIC**

Subject – **Costing**

Difficulty Level – **Moderate**

Topic – **Marginal Costing**

Options:

- A. It is a method of Costing like Job Costing and Service Costing
- B. Marginal Costing, Marginal cost is the change in the total cost when the quantity produced is incremented by one
- C. It considers expenses incurred at each production stage, except for overhead pricing
- D. Contribution margin is computed as the selling price per unit, minus the variable cost per unit.
- E. None of the above

Answer: (A) It is a method of Costing like Job Costing and Service Costing

Explanation:

Job costing is an accounting method designed to help you track the cost of individual projects and jobs. Similarly, Service costing is the accounting method of identifying all costs associated with building, supporting, and delivering your service.

Whereas Marginal Costing is a costing technique wherein the marginal cost, i.e., variable cost is charged to units of cost, while the fixed cost for the period is completely written off against the contribution. Marginal cost is the change in the total cost when the quantity produced is incremented by one.

Hence Answer is Option A.

Q.38) Which of the following is not a feature of cellular manufacturing system?

Static or Current – **STATIC**

Subject – **Costing**

Difficulty Level – **Moderate**

Topic – **Lean Innovation and System**

Options:

- A. Cellular manufacturing brings scattered processes together to form short, focused paths in concentrated physical space.
- B. Cellular manufacturing facilitates both production and quality control.
- C. Cellular manufacturing increases waste
- D. Cellular manufacturing involves the use of multiple "cells" in an assembly line fashion.
- E. None of the above

Answer: (C) Cellular manufacturing increases waste

Explanation:

Cellular manufacturing helps reduce waste by **reducing defects that result from processing and product changeovers**. Since products or components move through a cell one piece at a time, operators can quickly identify and address defects.

Q.39) A company produced 60,000 units in the accounting period. It sold 50,000 units with 10,000 still in inventory. It sold each unit for Rs. 100. Each unit costs Rs.25 in direct materials and Rs.20 in direct labor. Manufacturing overhead was Rs.10 plus Rs. 5 in variable administrative costs. Fixed manufacturing overhead was Rs.300,000. Fixed administrative costs were Rs.200,000. If the valuation of inventory is done by absorption costing method, find the value of the inventory.

Static or Current – **Static**

Subject – **Costing**

Difficulty Level – **Moderate**

Topic – **Absorption Costing (Not in Syllabus)**

Options:

- A. Rs 6,00,000
- B. Rs 5,00,000
- C. Rs 7,00,000
- D. Rs 4,50,000
- E. None of the above

Answer: (A) Rs 6,00,000

Explanation:

The company applied the absorption cost per unit formula:

Absorption cost = (Direct Material Costs + Direct Labor Costs + Variable Manufacturing Overhead Costs + Fixed Manufacturing Overhead Costs) / Number of units produced.

$$= \text{Rs}25 + \text{Rs}20 + \text{Rs}10 + \text{Rs}300,000 / \text{Rs}60,000$$

$$= \text{Rs } 60 \text{ per unit}$$

Therefore value of inventory = 10,000 X 60

$$= \text{Rs } 6,00,000$$

Q.40) Which of the following is a Notional Cost?

Static or Current – **Static**

Subject – **Costing**

Difficulty Level – **Moderate**

Topic – **Overview of Cost and Management Accounting**

Options:

- A. Absorption Costing
- B. Historical Costing
- C. Standard Costing
- D. Lean Costing
- E. None of the above

Answer: (C) Standard Costing

Explanation: A standard cost is the **budgeted cost of a regular manufacturing process against which actual costs are compared**. So standard cost is not the actual cost.

Notional cost is the opportunity cost of something which firm is using but not paying for it because it belongs to the firm. **For example, a firm is using the car of the owner but not paying rent for it because the car belongs to the owner of the firm. Here cost of car is the notional cost.**

Now you can see that both in Standard cost and Notional cost there is a similarity that both are not the actual costs.

Q.41) Calculate the value of closing stock using Simple price moving average method.

1st December - purchased 100 units @ Rs. 20

2nd December - purchased 200 units @ Rs 22

5th December - Issued 250 units to department X

Static or Current – **Static**

Subject – **Costing**

Difficulty Level – **Easy**

Topic – **Miscellaneous (Material Cost)**

Options:

- a) 1050
- b) 1100
- c) 900
- d) 500
- e) None of the above

Answer: (a) 1050

Explanation:

Simple average is **an average of price without considering the quantities involved.**

Average price = $(20+22)/2 = 21$

Closing Balance = Average Price x Closing Inventory

Closing inventory, also referred to as ending inventory, refers to the amount of inventory a business has left on the shelves and in stock at the end of the accounting year.

Closing Inventory = $100+200 - 250$ (Issued to Department X)
 $= 50$

Therefore, Closing Balance = Average Price x Closing Inventory = $21 \times 50 = 1050$

Q.42) Which of the following statement is incorrect regarding provisions?

Static or Current – **Static**

Subject – **Commerce and Accounts**

Difficulty Level – **Moderate**

Topic – **Preparation and Presentation of Final Company Accounts**

Options:

- A. They appear on the company's balance sheet under the current liabilities.
- B. A provision should be recognized as an expense
- C. Provisions represent funds put aside by a company to cover anticipated losses in the future.
- D. Provisions are contingent upon happening or non-happening of an event in the future
- E. None of the above

Answer: (D) Provisions are contingent upon happening or non-happening of an event in the future

Explanation:

Provision Liability	Contingent Liability
Definition	
Provision liability reduces an asset's value because of a present obligation arising out of a past event.	Contingent liability is a potential liability that can occur at a future date due to events beyond a company's control.
Certainty of the event	
The event which can result in a provisional liability may or may not occur.	The event which can result in a contingent liability will occur.
Estimate of the liability	
The estimated amount of the provisional liability is not certain.	The estimated amount of the contingent liability is largely certain.
Profit and Loss Account	
Any increase or decrease in provision liability gets recorded in the Profit and Loss Account.	The Profit and Loss Account does not record a contingent liability.
Examples	
Some of the examples of a provision liability are as follows: <ul style="list-style-type: none"> • Provision for bad debts 	Some of the examples of a contingent liability are as follows: <ul style="list-style-type: none"> • Product warranties

Q.43) Calculate Net Profit from below cash basis of accounting for 31/03/2021

Particulars	Amount
Sales Credit	90,000
Cash paid in salary	25,000
Advance received for 2022-2023	40,000
Ticket of airline purchase in March 2021 for travel in October 2022	6,500

Static or Current – **Static**
 Subject – **Commerce and Accounts**
 Difficulty Level – **Moderate**
 Topic – **Cash Flow Statement**

Options:

- A. 10,000
- B. 9,000
- C. 8,500
- D. 7,700
- E. None of the above

Answer: (C) 8,500**Explanation:**

Cash basis refers to a major accounting method that recognizes revenues and expenses at the time cash is received or paid out. It doesn't include any sale or purchase done on credit basis.

Therefore, In the above Question, Sales credit of 90,000 will not be considered while calculating the Net Profit.

Net profit = Advance received less Cash Paid in salary less Ticket Purchase

$$=40000 - 25000 - 6500 = 8500$$

Q.44) Using the information given below, calculate the Interest Coverage Ratio.

Net Profit After Tax	Rs. 60,000
Tax Rate	40%
15% Long Term Debt	Rs. 10,00,000

Static or Current – **Static**
Subject – **Commerce and Accounts**
Difficulty Level – **Easy**
Topic – **Ratio Analysis**

Options:

- a) 1.35
- b) 1.5
- c) 1.67
- d) 1.98

e) 1

Answer: (C) 1.67

Explanation:

$$\text{Interest Coverage Ratio} = \frac{\text{Earnings before Interest and Taxes (EBIT)}}{\text{Interest Expense}}$$

Net Profit after Tax = Rs 60,000

Tax rate = 40% = 0.4

Therefore, Profit before tax = $60,000 / (1 - 0.4) = \text{Rs. } 1,00,000$

Interest on Long term Debt (Interest Expense) = 15% of 10,00,000 = Rs 1,50,000

EBIT = Profit Before Tax + Interest = $100000 + 150000 = 2,50,000$

Interest coverage Ratio = $250000 / 150000 = 1.67$

Q.45) Calculate the Book value per share of ABC limited using the information given below:

Profit After Tax	Rs 1,75,000
Issued Share Capital	70,000 shares @10 each
Market Value of share	Rs 13

Static or Current – **STATIC**

Subject – **Commerce and Accounts**

Difficulty Level – **Moderate**

Topic – **Ratio Analysis**

Options:

A. 11

B. 12.5

C. 9.5

D. 14

E. None of the above

Answer: (b) 12.5

Explanation:

The book value per share formula is used to calculate the per share value of a company based on its equity available to common shareholders.

$$\text{BOOK VALUE PER SHARE} = \frac{\text{SHAREHOLDERS EQUITY}}{\text{TOTAL SHARES OUTSTANDING IN MARKET}}$$

$$\text{BOOK VALUE PER SHARE} = \frac{\text{EQUITY CAPITAL} + \text{ACCUMULATED RESERVES}}{\text{TOTAL SHARES OUTSTANDING IN MARKET}}$$

In the given question, Equity Capital = 70,000 X 10 = 7,00,000

A reserve or Accumulated Profits or Losses refers to the share of profit saved by the business/firm for future growth or expansion and to handle the situation of losses in the future.

Therefore, Accumulated Reserves = Profit after tax = Rs 1,75,000

Therefore, Book Value per share = $(700000+175000)/70000 = 12.5$

Q.46) Calculate the Gross profit Ratio from the given information.

Particulars	Amount
Sales	Rs 1,00,000
Purchase	Rs 75,000
Carriage Inward	Rs 2000
Wages	Rs 5000
Salary	Rs 15,000
Decrease in Inventory	Rs 10,000
Purchase Return	Rs 2000

Static or Current – **STATIC**

Subject – **Commerce and Accounts**

Difficulty Level – **Moderate**

Topic – **Preparation of Final Company Accounts**

Options:

- A. 5%
- B. 10%
- C. 15%
- D. 20%
- E. None of the above

Answer: (B) 10%

Explanation:



The diagram shows the Gross Profit Ratio (GPR) formula. It features a yellow header with the text "Gross Profit Ratio". Below the header, the formula is presented as:
$$\text{GPR} = \frac{(\text{Total Revenue} - \text{Cost of Goods Sold})}{\text{Total Revenue}} \times 100$$
 The formula is decorated with icons: a green money bag with a dollar sign for "Total Revenue - Cost of Goods Sold", a green banknote for "Total Revenue", and a hand holding a coin for the denominator. The entire diagram is enclosed in a yellow border.

------(1)

Total Revenue = Sales = Rs 1,00,000/-



The diagram illustrates the Cost of Sales Formula. On the left, there is an icon of a calculator. The text "Cost of Sales Formula" is followed by an equals sign. To the right of the equals sign, the formula is:
$$\text{Beginning Inventory} + \text{Raw Material Purchase} + \text{Cost of Direct Labor} + \text{Overhead Manufacturing Cost} - \text{Ending Inventory}$$
 Above the formula, there is an icon of a hand holding a blue money bag with a dollar sign. Below the formula, there is an icon of a bar chart with an upward-pointing arrow and a dollar sign. The diagram is enclosed in a yellow border.

----- (2)

Cost of goods sold (COGS) refers to the direct costs of producing the goods sold by a company. This amount includes the cost of the materials and labor directly used to create the good.

COGS is based only on the costs that are directly utilized in producing that revenue, such as the company's inventory or labor costs that can be attributed to specific sales. By contrast, fixed costs such as managerial salaries, rent, and utilities are not included in COGS.

A wage is payment made by an employer to an employee for work done in a specific period of time.

- Therefore, wages will be considered and during the calculation of COGS and Salaries will not be.

Cost of Direct Labor = Wages = Rs 5000 ----- (3)

Overhead Manufacturing Cost: Manufacturing overhead (MOH) cost is the sum of all the indirect costs which are incurred while manufacturing a product

- Carriage inwards is **the shipping and handling costs incurred by a company that is receiving goods from suppliers**. Raw materials and the cost of labour used during the manufacture of the product are good examples of direct expenses that are easily traced back to the product. Therefore, Carriage inward cost will be added to the manufacturing Overheads and Wages will not be considered being a direct expense.

=> **Overhead Manufacturing Cost = Carriage inwards cost = Rs 2000 ----- (4)**

Purchase = Purchase during the period – Purchase return = Rs 75000 – 2000 = Rs 73,000

Also, Decrease in Inventory is of Rs 10,000

Therefore **(Beginning Inventory – Ending Inventory) = Rs 10,000/- -----(5)**

Putting all the values calculated in equation (3), (4) and (5) in Equation (2), We have

=> COGS = 10000+73000 + 2000+5000 = 90,000

Now Using Equation (1)

GPR = (Total Revenue – COGS) x100 / Total Revenue

GPR = (100000-90000) x 100/ 100000 = 10%

Q.47) A company purchased inventory 1000 units@1200 per unit from outside vendors. Vendor allowed a trade discount of 5%. Vendors offered a cash discount of 3% if payment is made in 45 days. Company decided to avail that. Custom duty is 50 per unit and delivery charges is 6000 as a whole. Find the value of inventory as per AS 2.

Static or Current – **Static**

Subject – **Commerce and Accounts**

Difficulty Level – **Moderate**

Topic – **Accounting Standard of Inventories**

Options:

A. 12,00,000

B. 11,96,000

C. 10,90,000

D. 12,25,000

E. None of the above

Answer: (B) 11,96,000

Explanation:

Purchase cost = 12,00,000/- (1000@1200 per unit)

Trade Discount = 5% of Purchase cost = 5% of 12,00,000 = 60,000/-

Also, as per **Accounting Standard 2**, Cash discount will not be considered.

Therefore Discount = 60,000/-

Custom Duty = 50x1000 = 50,000/-

Delivery Charges = 6000

Cost of Inventory = Purchase cost – Discount + Other Costs

$$= 1200000 - 60000 + 50000 + 6000 = 11,96,000/-$$

Q.48) Value of Machine is Rs 12,00,000 for 10 years and its residual value is nil. After 5 years, the remaining machine life is increased by 3 years and the value increased by Rs 1,20,000. Find the Depreciation for the 6th year on SLM basis.

Static or Current – **Static**

Subject – **Commerce and Accounts**

Difficulty Level – **Moderate**

Topic – **Accounting Standard for Property Plant and Equipment**

Options:

(a) 90,000

- (b) 1,00,000
- (c) 1,20,000
- (d) 50,000
- (e) None of the above

Answer: (A) 90,000

Explanation:




$$\text{Depreciation Per Year Formula} = \frac{(\text{Cost of Asset} - \text{Salvage Value})}{\text{Useful Life of Asset}}$$


Cost of Asset = 12,00,000

Salvage Value = Nil (As given in Question)

Useful Life of Asset = 10 years

Therefore, as per the above formula

Depreciation charged per year on original value = $1200000/10 = 1,20,000$

Value at the end of 5th year = $1200000 - (5 \times 120000) = 6,00,000$

Revalued Machine value = $600000 + 120000 = 7,20,000$

Remaining Life after extension of 3 years = $5 + 3 = 8$

Depreciation charged in 6th year = $720000/8 = 90,000$

Q.49) Company ABC limited took a loan of \$10 million dollar for 3 months on 1st January 2021.

Exchange rate at the time of contract (on 1.01.2021) was \$1 = Rs 70.

Exchange rate at the time of repayment (on 31st March 2021) was \$1 = Rs 72.5

Find the amount of P&L for the year ended 2020-21 for the company ABC.

Static or Current – **Static**

Subject – **Commerce and Accounting**

Difficulty Level – **Easy**

Topic – **Accounting Standard for Foreign Transactions**

Options:

- a) Profit of Rs 2.5 Crores
- b) Loss of Rs 2.5 Crores
- c) Loss of Rs 5 Crores
- d) Profit of Rs 3 Crores
- e) None of the above

Answer: (B) Loss of Rs 2.5 Crores

Explanation:

Amount of Loan taken in Rs = $10,000,000 \times 70 = 70$ crores

Amount of Loan Repaid = $10,000,000 \times 72.5 = 72.5$ Crores

Exchange Loss = Rs 2.5 Crores

Q.50) Which of the following statement is incorrect w.r.t Cash and Cash equivalents?

Static or Current – **Static**

Subject – **Commerce and Accounts**

Difficulty Level – **Moderate**

Topic – **Preparation and Presentation of Final Company Accounts**

Options

- A. Cash equivalents include bank accounts and marketable securities, which are debt securities with maturities of less than 90 days.
- B. Any items falling within this category are classified within the current assets category in the balance sheet.
- C. Cash and Cash equivalents include bank deposits with more than twelve months of maturity shall not be disclosed separately.
- D. Cash and cash equivalents shall be classified as Balances with banks; Cheques, drafts on hand; Cash on hand; etc.
- E. None of the above

Answer: (C) Bank deposits with more than twelve months maturity shall not be disclosed separately.

Explanation:

As per schedule III of Companies Act and also Cash flow statements: Bank deposits with more than 12 months of maturity shall be disclosed separately

Question Paper Analysis

1. Overall Analysis

The question number marked in above table refers to the same question number in the upper part of this document where we have listed down questions in detail. So, in case you want to refer to the original question please refer it using the question number in the table

S. No	Topic	Subject	Level	Remarks
1	Functions of RBI	Finance	Easy	
2	NA	Finance	Easy	Part of Current Affairs
3	NA	Finance	Moderate	Part of Current Affairs
4	Direct and Indirect Tax	Finance	Moderate	
5	Finance Commission	Finance	Easy	
6	Forex Market	Finance	Easy	
7	Communication	Management	Moderate	
8	Motivation	Management	Moderate	
9	HRD	Management	Moderate	
10	Leadership	Management	Easy	
11	General Management	Management	Moderate	
12	Motivation	Management	Moderate	
13	Chapter XXVII – NCLT and NCLAT	Companies Law	Easy	
14	Chapter XI Appointment of Directors (Section 149 to 160)	Companies Law	Easy	
15	Chapter VIII Declaration and Payment of Dividend	Companies Law	Easy	
16	Chapter X Audit and Auditors	Companies Law	Easy	
17	Chapter IV Share Capital and Debentures	Companies Law	Easy	
18	Chapter XI Appointment of Directors (Section 149 to 160)	Companies Law	Easy	

19	Chapter XII Meeting of Board of Directors (Section 172-183)	Companies Law	Easy	
20	Chapter XII Meeting of Board of Directors (Section 172-183)	Companies Law	Easy	
21	Chapter III – Prospectus & Allotment of Securities	Companies Law	Easy	
22	NBFC	Economics	Easy	
23	Fiscal Policy	Economics	Moderate	
24	Money Supply	Economics	Easy	
25	National Income	Economics	Easy	
26	Phillips Curve	Economics	Moderate	
27	Market Structure	Economics	Moderate	
28	Demand and Supply	Economics	Easy	
29	Elasticity of Demand	Economics	Moderate	
30	Fiscal Policy	Economics	Moderate	
31	Inflation	Economics	Moderate	
32	Market Structure	Economics	Moderate	
33	Budget and Budgetary Control	Costing	Easy	
34	Miscellaneous (Labour Cost)	Costing	Moderate	
35	Overview of Cost and Management Accounting	Costing	Easy	
36	Marginal Costing	Costing	Moderate	
37	Marginal Costing	Costing	Moderate	
38	Lean Innovation and System	Costing	Moderate	
39	Overview of Cost and Management Accounting	Costing	Moderate	
40	Overview of Cost and Management Accounting	Costing	Moderate	
41	Miscellaneous (Material	Costing	Easy	

	Cost)			
42	Preparation and Presentation of Final Company Accounts	Commerce and Accounts	Moderate	
43	Cash flow Statement	Commerce and Accounts	Moderate	
44	Ratio Analysis	Commerce and Accounts	Easy	
45	Ratio Analysis	Commerce and Accounts	Moderate	
46	Ratio Analysis	Commerce and Accounts	Moderate	
47	Accounting Standard of Inventories	Commerce and Accounts	Moderate	
48	Accounting Standard for property plant and Equipment	Commerce and Accounts	Moderate	
49	Accounting Standard for Foreign Transactions	Commerce and Accounts	Easy	
50	Preparation and Presentation of Final Company Accounts	Commerce and Accounts	Moderate	Miscellaneous

Note: Students might think that none of the question is marked as Difficult (Tough) whereas the general feedback from the students was that the paper was tough. If you have been through the entire paper and solution, you will observe that the paper requires clear & through understanding of the concepts. If you have clarity of the same, you can easily score good in the paper.

1.1. Miscellaneous Questions

There are some questions (marked as Miscellaneous in above table).

- One which could not be mapped directly to syllabus, but they were either from the basic topics or topics indirectly linked to syllabus. All these topics were covered in EduTap course

1.2.Number of Questions Asked from Each Subject

Subject	Number of Questions
Economics	11
Commerce and Accounts	9
Costing	9
Finance	6
Management	6
Company Law	9

Takeaway: Almost a Very Balanced Distribution except for finance and management but a Justice is done to all the subjects. One needs to prepare all the subjects holistically.

1.3.Number of Questions Segregated into Easy, Moderate and Difficult

Difficulty Level	Number of Questions
Easy	23
Moderate	27
Difficult	0

Takeaway: One needs to attempt paper with 90% accuracy in Easy Questions and 75% accuracy in Moderate Questions. By doing this one can touch score of 65-70 which was a good score in UR category. Anything near 75 marks increased the probability further.

The questions with level as difficult should have attempted with care. Here rather than gaining marks, priority shall have been to not loose marks through negative marking by marking wrong questions

1.4.Weightage of Numerical Asked

Numerical	
Subject	Number of Numerical
Finance	0
Economics	1
Costing	4
Commerce and Accounts	7

Takeaway: 12 Questions on Numerical were asked in the Exam. They were not difficult. Most of them were easy to Moderate. If you practiced numerical given in the course before

the exam, then most of the moderate numerical would also have looked on easier side. Numerical shall be intrinsic part of your preparation and no need to do complex numerical, basic level is enough. Moreover, one need to have basic idea regarding Economic Numerical as well.

1.5.Current/Static

All the questions in Phase 2 were purely static based except 2 questions in the Finance Section. So, one should not avoid doing current affairs but keep them at low priority in the preparation and even in that, special focus must be on Finance Current Affairs.

1.6.Repeat Questions

Some questions in Finance & Management were repeated as it is from Finance & management questions asked In RBI Grade asked in previous years.

Takeaway: So, it is advisable to do all the PYQs of common subjects in other exams. For example, PYQs of FM shall be done from RBI Grade B previous year papers, PYQs of Economics shall be done from RBI Grade B. All PYQs of RBI Grade B and NABARD Gr A are available for free on EduTap's website

It is also advisable that if you get PYQs of Costing, Company Law, Commerce and Accounts for NPS or PFRDA, you must do them. We are not having PYQs of NPS.

2. Subject wise Analysis

2.1.Economic Section Analysis

Economics				
Q. No	Topic	Subject	Difficulty Level	Numerical
22	NBFC	Economics	Easy	
23	Fiscal Policy	Economics	Moderate	
24	Money Supply	Economics	Easy	
25	National Income	Economics	Easy	Yes
26	Phillips Curve	Economics	Moderate	
27	Market Structure	Economics	Moderate	
28	Demand and Supply	Economics	Easy	
29	Elasticity of Demand	Economics	Moderate	
30	Fiscal Policy	Economics	Moderate	
31	Inflation	Economics	Moderate	

32	Market Structure	Economics	Moderate	
	Total	11	Easy - 4 Moderate - 7 Difficult - 0	1

Takeaway:

1. Good Distribution of questions amongst the topics. No single topic was given preference by asking many questions from single topic
2. Questions were on easy to moderate side. Question covers basic concepts but require practical knowledge along with factual knowledge. Though economic seems a little tough but one needs to have a clear basic understanding in order to fetch high marks in the section.
3. Basic understanding of numerical is required as this year, a very basic numerical from National Income is asked.

2.2.Commerce and Accounts Section Analysis

Commerce and Accounts				
Q. No	Topic	Subject	Difficulty Level	Numerical
42	Preparation and Presentation of Final Company Accounts	Commerce and Accounts	Moderate	
43	Cash flow Statement	Commerce and Accounts	Moderate	Yes
44	Ratio Analysis	Commerce and Accounts	Easy	Yes
45	Ratio Analysis	Commerce and Accounts	Moderate	Yes
46	Ratio Analysis	Commerce and Accounts	Moderate	Yes
47	Accounting Standard of Inventories	Commerce and Accounts	Moderate	Yes
48	Accounting Standard for property plant and Equipment	Commerce and Accounts	Moderate	Yes
49	Accounting Standard for Foreign Transactions	Commerce and Accounts	Easy	Yes
50	Preparation and Presentation of Final Company Accounts	Commerce and Accounts	Moderate	

	Total	9	Easy - 2 Moderate - 7 Difficult - 0	7
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Takeaway:

1. Good Distribution of questions amongst the topics. But Ratio Analysis was given preference by asking many questions from single topic.
2. Total of 7 Numerical are asked. Though most of them are marked Moderate but in case you had practiced Numerical given in the course then it would have been easy
3. You cannot cover accounting just by covering theory. Numerical preparation is integral part of preparation of Commerce and Accounts
4. Overall, you would find this section easy if you would have practiced Numerical

2.3.Costing Section Analysis

Costing

Q. no	Topic	Subject	Difficulty Level	Numerical
33	Budget and Budgetary Control	Costing	Easy	
34	Labour Cost	Costing	Moderate	
35	Overview of Cost and Management Accounting	Costing	Easy	Yes
36	Marginal Costing	Costing	Moderate	Yes
37	Marginal Costing	Costing	Moderate	
38	Lean Innovation and System	Costing	Moderate	
39	Overview of Cost and Management Accounting	Costing	Moderate	Yes
40	Overview of Cost and Management Accounting	Costing	Moderate	
41	Material Cost	Costing	Easy	Yes
	Total	9	Easy - 3 Moderate - 6 Difficult - 0	4

Takeaway:

1. Good Distribution of questions amongst the topics. But Marginal Costing and Overview of Cost and Management Accounting were given preference. Still, one need to cover the entire width of the syllabus.
2. Questions were asked from Material Cost and Overhead Cost, which is **not directly given in syllabus**, but they were anyways part of basic of costing and covered in EduTap's course. Do not leave the basic chapters even if they are not directly given in the syllabus
3. Total of 4 Numerical are asked. Though most of them are marked Moderate but in case you had practiced Numerical given in the course then it would have been easy
4. You cannot cover Costing just by covering theory. Numerical preparation is integral part of preparation of Costing
5. Overall, you would find this section easy if you would have practiced Numerical.

2.4.Finance Section Analysis

Finance				
Q. no	Topic	Subject	Difficulty Level	Remark
1	Functions of RBI	Finance	Easy	
2	NA	Finance	Easy	Current Affairs
3	NA	Finance	Moderate	Current Affairs
4	Direct and Indirect Tax	Finance	Moderate	
5	Finance Commission	Finance	Easy	
6	Forex Market	Finance	Easy	
	Total	6	Easy - 4 Moderate - 2 Difficult - 0	2 Current Affairs based Question

Takeaway:

1. A good Distribution of questions amongst the topics. But even, importance is given to current affairs has 2 questions were directly from current affairs. So, overall less priority should be given to current affairs but still then have importance specially Finance Current Affairs.
2. No Numerical was asked.

3. In Finance, you can leave numerical in first iteration because theory itself is vast. Derivatives and Bonds are the only topic from which numerical can be asked.

2.5. Management Section Analysis

Management			
Q. NO	Topic	Subject	Difficulty Level
7	Communication	Management	Moderate
8	Motivation	Management	Moderate
9	HRD	Management	Moderate
10	Leadership	Management	Easy
11	General Management	Management	Moderate
12	Motivation	Management	Moderate
	Total	6	Easy - 1 Moderate - 5

Takeaway:

1. Good Distribution of questions amongst the topics. No single topic was given preference by asking many questions from single topic.
2. Even moderate questions could have been done if one had good understanding of the topic
3. Overall, a moderate section one need to have clear understanding with application-based knowledge of the concepts. Questions are more application based rather than factual knowledge.

2.6. Company Law Section Analysis

Company law			
Q. No	Topic	Subject	Difficulty Level
13	Chapter XXVII – NCLT and NCLAT	Companies Law	Easy
14	Chapter XI Appointment of Directors (Section 149 to 160)	Companies Law	Easy
15	Chapter VIII Declaration and Payment of Dividend	Companies Law	Easy
16	Chapter X Audit and Auditors	Companies Law	Easy
17	Chapter IV Share Capital and	Companies Law	Easy

	Debentures		
18	Chapter XI Appointment of Directors (Section 149 to 160)	Companies Law	Easy
19	Chapter XII Meeting of Board of Directors (Section 172-183)	Companies Law	Easy
20	Chapter XII Meeting of Board of Directors (Section 172-183)	Companies Law	Easy
21	Chapter III – Prospectus & Allotment of Securities	Companies Law	Easy
	Total	9	Easy -9

Takeaway:

1. Good Distribution of questions amongst the topics. No single topic was given preference by asking many questions from single topic
2. Almost each of the question focused on the factual data provided under different sections of companies Law.
3. Overall, a scoring section if you know the facts, otherwise a very tough section.
4. So, one need to cover the sections end to end. Cursory look won't fetch marks.

2.7.Closing Comments

1. Accuracy is the key
2. Current Affairs to be taken low on priority.
3. Do All PYQs for RBI Gr B and SEBI Gr A – Available for Free on EduTap Website
4. One needs to do balanced preparation by reading all the chapters. Do stick to syllabus religiously.
5. Even chapters meant for basics though not in syllabus are to be done with sincerity
6. Do not even think of leaving Numerical.
7. Do as many MCQs as possible. It seems they ask standard questions. Increasing number of MCQs before the exam increases the probability of direct hit (same question) in the exam.
8. SEBI is asking application-based question in all the sections like economics, management etc. So, one need to know the applications of the concepts along with factual knowledge. Suggestion for Future: - Build a strong foundation of basics by covering the topic in depth and in future, more application-based questions are expected.