

SECTION A: FINANCIAL LITERACY

1. A company run and managed by the professionals to study markets and then invest on behalf of the investors is called-
 - (1) Bank
 - (2) Stock exchange
 - (3) Mutual fund
 - (4) Brokers
2. The markets in which funds are transferred from those who have excess funds to those who have a shortage of funds are called-
 - (1) Financial Markets
 - (2) Funds Markets
 - (3) Commodity Markets
 - (4) None of these
3. A loan that requires a borrower to make the same payment every month until the maturity date is called a –
 - (1) Simple Loan
 - (2) Discount Loan
 - (3) Fixed Payment Loan
 - (4) None of these
4. Developed financial market is an indicator of-
 - (1) Developing Economy
 - (2) Underdeveloped Economy
 - (3) Undeveloped Economy
 - (4) Developed Economy
5. SWOT analysis helps a business organisation in understanding and managing the business better. This statement is-
 - (1) True
 - (2) Partially True
 - (3) False
 - (4) Can't Say
6. If the rate of earnings on capital employed is higher than the rate of interest on debt, the owners of the organisation will earn-
 - (1) More Profits
 - (2) Less Profits
 - (3) Will be in Financial Difficulties
 - (4) Will not be affected
7. The ability of an organisation to satisfy its short obligations can be easily measured by-
 - (1) Activity
 - (2) Liquidity
 - (3) Debt
 - (4) Profitability
8. Ashish wants to send some money to his parents living in Nepal. The maximum amount he can send via RTGS is-
 - (1) 2,00,000
 - (2) 1,00,000
 - (3) 50,000
 - (4) None of the above
9. Sohan wants to send money to his son studying in Chennai out of a demand draft and NEFT the option which costs him less is-
 - (1) Demand Draft
 - (2) NEFT
 - (3) Both are same
 - (4) None of the above
10. Contractual saving is good for the people who have-
 - (1) Regular Income
 - (2) Good saving habits
 - (3) Good spending habits
 - (4) None of the above
11. Atul applied for a home loan, the bank was reluctant. Sudhir offered to be surety for Atul. The bank agreed to grant the loan. Sudhir's position is-
 - (1) Borrower
 - (2) Guarantor
 - (3) Co-Signer
 - (4) None of above
12. The traditional mortgage has-
 - (1) Fixed rate of interest
 - (2) Fluctuating rate of interest
 - (3) Fixed rate of interest for initial period
 - (4) None of the above

13. A home buyer with 30 year loan wants to repay his loan in a short time, he should go for a –
- (1) GEM plan (2) GPM plan
(3) RAM (4) None of the above
14. An easiest investment for the purpose of tax saving can be-
- (1) Fixed Deposit in a bank
(2) ELSS
(3) Time Deposit in a Post Office
(4) None of the above
15. NHB is a financial institution associated and managed by-
- (1) Government of India
(2) Planning Commission
(3) Co-Operatives
(4) RBI
16. All the investments carry some type of risks. One of the biggest risks associated with the long term investment is-
- (1) Volatility
(2) Fluctuations in Financial Markets
(3) Change in Government policies
(4) All of these.
17. Tax planning is related to future, whereas tax management is related to present, past and future. This statement is –
- (1) True
(2) False
(3) Partially true
(4) Can't Say
18. Sumit has invested a sum of money at 6.5% p.a. The rate of inflation is 7%. The real value of the investment after 3 years will-
- (1) Increase (2) Decrease
(3) Remain the same (4) None of these
19. Amit has taken a home loan on fixed rate of interest of 10%. He realises that the variable rate of interest is 8.75%. He changes his fixed rate to variable rate. What happens if the rates increase to 10.5% after a year, his interest payment will-
- (1) Increase
(2) Decrease
(3) Remain the same
(4) Not applicable in his case.
20. Tax avoidance is like –
- (1) Avoiding tax authorities
(2) Avoiding being true to tax authorities
(3) Making use of tax laws to own benefit
(4) None of the above
21. Anurag has taken a home loan for 20 years. After 16 years, most part of his EMI will go into-
- (1) Payment of outstanding principle balance
(2) Payment of outstanding interest balance
(3) Both (1) & (2)
(4) None of the above
22. The main criteria for investing are-
- (1) Return
(2) Safety
(3) Liquidity
(4) All of these
23. Tax hedging is a practice that will give the person benefit in the short period. This is done by the person using-
- (1) Tax laws to one's benefit
(2) Loop holes in law to one's benefit
(3) Both (1) & (2)
(4) None of the above

24. Atul is a salaried person. He wants to invest his savings to get some extra earnings. The safest investment for him is-
- (1) Mutual funds
 - (2) Equity
 - (3) Government Bonds
 - (4) All of these
25. Satish is a regular tax payer. He finds that his income falls in a higher bracket, increasing his tax liability. He does not want to show his true income. His inflated expenditure and fictitious transactions can be termed as-
- (1) Tax planning
 - (2) Tax management
 - (3) Tax evasion
 - (4) None of the above
26. Suresh's shop of electronic goods is insured for theft. On Diwali his shop caught fire. Will the insurance company reimburse his loss?
- (1) Yes
 - (2) There are chances
 - (3) Partially
 - (4) Not at all
27. One investment that has been constantly a favourite for all classes as it gives the consistent long term gains, that is-
- (1) Term deposits
 - (2) Bonds
 - (3) Gold
 - (4) All of the above
28. Zero coupon bonds are bonds with features like-
- (1) They are issued by the Government of India
 - (2) They are issued at a discount on face value
 - (3) Both (1) & (2)
 - (4) None of these
29. The best policy adopted by the investors to safeguard their principle and returns is to-
- (1) Invest in government securities only
 - (2) Keep all the eggs in several baskets
 - (3) Invest in mutual funds
 - (4) None of these
30. A borrower is making the payment of his home loan. The payment in the first year is adjusted towards –
- (1) Outstanding principle balance
 - (2) Most of the outstanding principle balance
 - (3) Most of the interest on loan
 - (4) None of these
31. Every year crores of rupees are lost by many consumers due to:
- | | |
|---------------|----------------------|
| (1) Fraud | (2) Scams |
| (3) Deception | (4) All of the above |
32. Nita has been trying to lose weight for a while now. She reads about a product developed by years of research and supported by a medical professional. This can be a:
- (1) Gimmick to attract buyers
 - (2) Misrepresentation
 - (3) Scam
 - (4) All of the above
33. A type of mortgage in which a homeowner can borrow money against the value of the house is known as:
- | | |
|----------------------|-----------------------|
| (1) Simple Mortgage | (2) English Mortgage |
| (3) Reverse Mortgage | (4) None of the above |
34. Lata and Julie bought electric irons from a shop. However, they were not satisfied with its working. The shopkeeper refused to accept their complaint. What option can they exercise now?
- (1) Complain to the police
 - (2) Write a complaint to the company
 - (3) Go to the consumer court
 - (4) All of the above

35. Siyaram wants to quickly send money to his son in Chennai. The options that he has are:
- (1) Make a draft
 - (2) Post a cheque
 - (3) NEFT
 - (4) Go and give the money personally
36. Right to representation, right to safety, right to redressal, are the rights given in:
- (1) Constitution
 - (2) Consumer protection act
 - (3) Public protection act
 - (4) Information act
37. A company that pools money from the investors and invests in stocks, bonds and shares is called as:
- (1) Mutual Funds
 - (2) Insurance Company
 - (3) Banks
 - (4) Chit Funds
38. Manufacturers and traders have been very successful in exploiting consumers. The possible reason could be:
- (1) Scattered consumers
 - (2) Unaware consumers
 - (3) Individual purchase quantity is less
 - (4) All of these
39. Sundar bought jam and tomato sauce. Before making the payment, he should look for:
- (1) Hallmark
 - (2) Agmark
 - (3) ISI
 - (4) FPO
40. There have been some changes on the economic front in the country, namely:
- (1) Change in currency denomination
 - (2) Changes in taxation, related to goods and services
 - (3) Both (1) and (2)
 - (4) The FM has changed
41. Which amount paid to the government, legally proves a person to be a rightful owner of a property:
- (1) Income tax
 - (2) Service tax
 - (3) Stamp Duty
 - (4) All of these
42. Every individual, who is a resident of India, is issued a unique identification number. It is called as:
- (1) Smart Card
 - (2) Pan Card
 - (3) Aadhar Card
 - (4) Voter Card
43. Rattan, who is an office boy, has been asked to get a bank account opened for salary transfer purposes. Which is the mandatory document that he needs?
- (1) Ration Card
 - (2) Aadhar Card
 - (3) Driving License
 - (4) None of these
44. In case of dispute between a buyer and a seller of any specific commodity, the only option is to approach:
- (1) The court
 - (2) Opt for arbitration
 - (3) Opt for conciliation
 - (4) Either 2 or 3
45. Every citizen in India need not file his/her tax returns. This is true for all PAN card holders:
- (1) True
 - (2) False
 - (3) Shall start shortly
 - (4) Conditions apply
46. Atul issued a cheque to Nitin in lieu of the refrigerator he bought from him. He did not get his refrigerator for 3 days. Can he stop the payment?
- (1) Yes
 - (2) No
 - (3) Not without checking the reason.
 - (4) All of the above
47. Primary market is the market which:
- (1) Attempts to identify mispriced arbitrage and opportunities
 - (2) Where new issues of securities are offered
 - (3) In which investors trade already issued securities
 - (4) Where there are only securities
48. Gift tax does not include:
- (1) Tuition or medical expenses paid for someone
 - (2) Gift to the spouse
 - (3) Both (1) and (2)
 - (4) Gift for self

SECTION B – (ACCOUNTANCY)

49. One of the following is not a part of the money market:
- (1) Mutual funds
 - (2) Indian Gold Council
 - (3) Call Money Market
 - (4) Bonds
50. Market price for bonds can fluctuate, depending on:
- (1) Interest rate
 - (2) Number of people who bought the bonds
 - (3) Name of the Bond
 - (4) Year of the bond
51. Sohan has taken a life insurance policy as an investment option. He is happy that he has made the right decision. Do you think he has made the right decision?
- (1) Yes
 - (2) No
 - (3) Conditions Apply
 - (4) Partially Correct
52. Buyer of electric goods has the right to:
- (1) Seek redressal
 - (2) Safety
 - (3) Consumer Education
 - (4) None of the above
53. A unit linked insurance plan is beneficial to an investor as:
- (1) Insurance as well as interest
 - (2) Insurance as well as saving
 - (3) Insurance as well as investment
 - (4) Insurance as well as liability
54. Seema saw an advertisement for a dress and went to the store to buy it. There she found her size was not available however another costlier and similar dress was available. This form of advertising is:
- (1) Bait
 - (2) Bait and switch
 - (3) Supermart
 - (4) Eye technique
55. _____ is when you make someone buy something actually normal making it look superior:
- (1) Contrast
 - (2) Colour
 - (3) Perceptual contrast
 - (4) Idiocracy

56. Underwriters are the people who are very useful for _____ to help them sell their _____.

- (1) Companies, capital
 - (2) Shareholders, shares
 - (3) Companies, shares
 - (4) None of these
57. Realisation account is prepared when-
- (1) A new partner joins the firm
 - (2) An old partner leaves the firm
 - (3) When the mistakes of business are realised
 - (4) None of the above
58. Loss on issue of forfeited shares can be changed to-
- (1) Profit and Loss A/C
 - (2) Share Forfeiture A/C
 - (3) Share premium A/C
 - (4) None of these
59. Huge amounts spent on advertisements if shown in Profit and Loss A/C of the same year will affect the profit of the year. This can be avoided by-
- (1) Transferring only a part of it
 - (2) Showing in the balance sheet as assets
 - (3) Both (1) & (2)
 - (4) None of these
60. The current ratio of a company is 3:1. This means that the funds of the company are-
- (1) Efficiently used
 - (2) Not efficiently used
 - (3) Not sufficient
 - (4) Kept for emergency

SECTION B – (BUSINESS STUDIES)

56. Policy making is the function of top management and the execution of the same is the function of-
- (1) Lower Management
 - (2) Top Management
 - (3) Middle Management
 - (4) Both (1) and (2)

57. Differential piece rate system of wages is the way to-
- (1) Terminate the inefficient workers
 - (2) Increase the production
 - (3) Find out the inefficient workers
 - (4) Motivate the workers
58. A downward flow of authority helps in achieving-
- (1) Efficient functioning of the organization
 - (2) All of these
 - (3) Development of subordinates
 - (4) More time to allocate to high priority activities
59. Economic, political, social, legal and technological changes affect the-
- (1) Planning of the business
 - (2) Production of the business
 - (3) Strategy of the business
 - (4) Finances of the business
60. Atul bought an electric iron. On plugging it, he suffered a shock. Which right has been violated-
- (1) Right to customer education
 - (2) Right to safety
 - (3) Right to seek redressal
 - (4) None of these
57. Every new business venture proves to be beneficial to the economy by-
- (1) Creating employment
 - (2) Increasing tax revenue
 - (3) Improving GDP
 - (4) All of them
58. All the young entrepreneurs engaged in start-ups are likely to face the problem of funds because-
- (1) They do not have enough personal funds to invest
 - (2) All of them
 - (3) Financial institutions do not find their projects profitable
 - (4) They have already exhausted their funds in the research work
59. A professional gets “fees”, an agent gets “commissions”, a broker gets “brokerage”, what does an entrepreneur get-
- (1) Salary
 - (2) Commission
 - (3) Profit
 - (4) None of them
60. An entrepreneur who adopts the policy of price cuts to survive in competition, will take his organization to-
- (1) Higher profit levels
 - (2) Destruction
 - (3) Higher stability level
 - (4) None of the above

SECTION B – ENTREPRENEURSHIP

56. A person who does not have any experience in running a business is likely to face a challenge-
- (1) Arranging raw materials
 - (2) Arranging finance
 - (3) All of them
 - (4) Getting suitable staff



END OF THE EXAM