

CUET PG 2026 Commerce Question Paper with Solutions (11 March, Shift 3)

General Instructions

- (i) This booklet contains 75 questions, each provided with a complete, step-by-step solution.
- (ii) It comprises 75 single-correct multiple-choice questions.
- (iii) These questions follow the CUET (PG) examination pattern.
- (iv) Each correct answer is awarded +4 marks, with -1 for an incorrect answer; unattempted questions carry no marks.
- (v) The time allotted for this paper is 90 minutes (75 questions, 300 marks).
- (vi) Attempt each question on your own before reviewing the given solution.

1. In case of inferior goods, the income elasticity of demand is:

- (A) Positive
- (B) Zero
- (C) Negative
- (D) Infinite

Correct Answer: (C) Negative

Solution:

Step 1:

Income elasticity of demand measures the responsiveness of demand due to change in income.

$$E_y = -$$

Step 2:

Inferior goods are those goods whose demand decreases when consumer income increases.

Step 3:

For inferior goods:

$\text{Income} \uparrow \Rightarrow \text{Demand} \downarrow$

Thus, income and demand move in opposite directions.

Step 4:

Since demand changes inversely with income, income elasticity becomes negative.

$\text{Income Elasticity} < 0$

Hence, the correct answer is:

$(3) \text{ Negative}$

Quick Tip: Logic Tip: Inferior goods are purchased less when income rises, therefore income elasticity is always negative.

2. "Economics is the study of how men and society choose... to employ scarce productive resources..." This definition of economics is given by:

- (A) Lionel Robbins
- (B) Dr. Alfred Marshall
- (C) Prof. Samuelson
- (D) Adam Smith

Correct Answer: (C) Prof. Samuelson

Solution:

Step 1:

The definition focuses on:

- Scarcity of resources
- Choice making
- Allocation of resources

Step 2:

This modern growth-oriented definition was given by Prof. Paul Samuelson.

Step 3:

- Adam Smith → Wealth definition
- Alfred Marshall → Welfare definition
- Lionel Robbins → Scarcity definition
- Samuelson → Growth-oriented definition

Step 4:

Therefore, the given definition was proposed by:

Prof. Samuelson

Hence, the correct answer is:

Quick Tip: Logic Tip: Samuelson's definition combines scarcity, choice, and economic growth together.

3. Assertion (A):

The average fixed cost curve is a rectangular hyperbola.

Reason (R):

Multiplication of average fixed cost with the quantity of output produced, always yields a fixed value.

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

Correct Answer: (A) Both (A) and (R) are correct and (R) is the correct explanation of (A)

Solution:

Step 1:

Average Fixed Cost is:

$$AFC = \frac{TFC}{Q}$$

where:

- TFC = Total Fixed Cost
- Q = Quantity of output

Step 2:

$$\begin{aligned} AFC \times Q &= \frac{TFC}{Q} \times Q \\ &= TFC \end{aligned}$$

Since total fixed cost remains constant, the product is always fixed.

Step 3:

Because the product of AFC and output remains constant, the AFC curve takes the shape of a rectangular hyperbola.

Step 4:

Thus, both Assertion and Reason are correct and Reason correctly explains Assertion.

Option (1)

Quick Tip: Logic Tip: Any curve where the product of two variables remains constant forms a rectangular hyperbola.

4. Match List - I with List - II:

List-I	List-II
A. The Distribution of Wealth (1899)	I. Ricardo
B. Modern Theory of Rent	II. Marshall
C. Quasi Rent	III. J.B. Clark
D. Rent accrue to land due to original and indestructible power of the soil	IV. Joan Robinson

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

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

Solution:

Step 1: Understanding the Question:

- We must match each item of List - I (author or concept) with the correct economist in List - II.

Step 2: Detailed Explanation:

- A. 'The Distribution of Wealth' (1899) was written by J.B. Clark, so A matches IV.
- B. The modern theory of rent is associated with Joan Robinson, so B matches I.
- C. Quasi rent is the concept given by Marshall, so C matches II.
- D. Rent accruing to land because of the original and indestructible power of the soil is the Ricardian concept of rent, so D matches III (David Ricardo).
- The matching is A-IV, B-I, C-II, D-III, which is option (C).

Step 3: Final Answer:

The correct option is (C) A-IV, B-I, C-II, D-III.

Quick Tip: Logic Tip: Clark = Distribution of Wealth, Joan Robinson = Modern Theory of Rent, Marshall = Quasi Rent, Ricardo = original and

indestructible powers of the soil.



5. Which of the following does not own Regional Rural Banks in India?

- (A) NABARD
- (B) Sponsor Bank
- (C) Central Government
- (D) Concerned State Government

Correct Answer: (A) NABARD

Solution:

Step 1:

Regional Rural Banks (RRBs) are jointly owned by:

- Central Government
- Concerned State Government
- Sponsor Bank

Step 2:

The ownership pattern generally is:

50

35

15

Step 3:

NABARD supervises and regulates RRBs but does not own them.

Step 4:

Therefore, NABARD is not an owner of Regional Rural Banks.

(1) NABARD

Quick Tip: Logic Tip: NABARD regulates and supports RRBs, but ownership belongs to Government and Sponsor Banks.

6. Match List - I with List - II:

Match List - I with List - II.

List - I	List - II
A. Commercial Bank	I. Established by the central govt. in a state or UT with defined local limits of operations
B. Regional Rural Bank	II. Specialized financial institution (for term lending)
C. Co-operative Bank	III. Classified into Scheduled and Non-Scheduled Banks
D. Development Bank	IV. Autonomous association of persons united voluntarily to meet their economic, social and cultural needs

Choose the correct answer from the options given below :

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

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

Solution:

Step 1:

Commercial banks mainly perform:

Accepting Deposits and Lending

Thus:

$$A \rightarrow III$$

Step 2:

Regional Rural Banks mainly provide:

Rural Credit

Thus:

$$B \rightarrow I$$

Step 3:

- Co-operative Banks work on Mutual Help Principle
- Development Banks provide Industrial Finance Thus:

$$C \rightarrow IV$$

$$D \rightarrow II$$

Step 4:

Final matching is:

$$A - III, B - I, C - IV, D - II$$

Hence, the correct answer is:

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

Quick Tip: Logic Tip: Commercial Banks = Deposits, RRBs = Rural Credit, Co-operatives = Mutual Help, Development Banks = Industrial Finance.



7. Arrange the following steps of Performance Appraisal Process in Correct order:

- A. Measuring Performance
- B. Discussing the Appraisal
- C. Comparing Actual Performance with Standards
- D. Establishing and Communicating Performance Standards
- E. Taking Corrective Actions

- (A) A, D, B, C, E
- (B) D, A, C, B, E
- (C) B, C, A, E, D
- (D) C, B, E, D, A

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

Solution:

Step 1:

The first step in performance appraisal is to establish and communicate standards to employees.

D = First Step

Step 2:

After standards are set, actual employee performance is measured.

A = Second Step

Step 3:

Measured performance is compared with predetermined standards.

$C = \text{Third Step}$

Step 4:

After comparison:

- Appraisal is discussed with employees
- Corrective actions are taken if necessary Thus:

$B \rightarrow E$

Final order:

D, A, C, B, E

Hence, the correct answer is:

$(2) D, A, C, B, E$

Quick Tip: Logic Tip: Performance appraisal follows the sequence — Set Standards → Measure → Compare → Discuss → Correct.

8. Arrange the following steps of Planning Process in correct order:

- A. Developing Planning Premises
- B. Setting Objectives
- C. Selecting a Plan
- D. Identifying and Evaluating Alternative
- E. Formulating Derivative Plans

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

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

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

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

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

Solution:

Step 1:

Planning starts with determining organizational objectives.

***B* = First Step**

Step 2:

Planning premises include assumptions and forecasts about future conditions.

***A* = Second Step**

Step 3:

Different alternative courses of action are identified and evaluated.

D = Third Step

Step 4:

The best plan is selected and supporting derivative plans are prepared. Final sequence:

B, A, D, C, E

Hence, the correct answer is:

(2) B, A, D, C, E

Quick Tip: Logic Tip: Planning begins with objectives and ends with derivative/supporting plans.

9. Which of the following are essentials of an effective control system? A.

Prompt

B. Complex

C. Control by Exception

D. Objectivity

E. Rigidity

(A) A and D only

(B) B, D and E only

(C) A, B and C only

(D) A, C and D only

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

Solution:

Step 1:

An effective control system should be:

- Prompt
- Objective
- Flexible
- Based on control by exception

Step 2:

- A. Prompt → Correct
- B. Complex → Incorrect
- C. Control by Exception → Correct
- D. Objectivity → Correct
- E. Rigidity → Incorrect

Step 3:

Correct statements are:

A, C, D

Step 4:

Hence, the correct answer is:

(4) A, C and D only

Quick Tip: Logic Tip: A good control system should be simple, flexible, objective, and prompt — not rigid or unnecessarily complex.

10. Match List - I with List - II:

List - I		List - II	
A.	Bureaucracy	I.	F.W. Taylor
B.	Scientific Management	II.	Henri Fayol
C.	Administrative Theory	III.	George Elton Mayo
D.	Hawthorne Experiments	IV.	Max Weber

Choose the **correct** answer from the options given below :

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

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

Solution:

Step 1: Understanding the Question:

- We must match each management theory or concept in List - I with the person associated with it in List - II.

Step 2: Detailed Explanation:

- A. Bureaucracy was developed by Max Weber, so A matches IV.
- B. Scientific Management was propounded by F.W. Taylor, so B matches I.
- C. Administrative Theory is associated with Henri Fayol, so C matches II.
- D. The Hawthorne Experiments were conducted under George Elton Mayo, so D matches III.
- The matching is A-IV, B-I, C-II, D-III, which is option (C).

Step 3: Final Answer:

The correct option is (C) A-IV, B-I, C-II, D-III.

Quick Tip: Logic Tip: Weber = Bureaucracy, Taylor = Scientific Management, Fayol = Administrative Theory, Mayo = Hawthorne Experiments.

11. Which of the following shell command is used in MS-DOS to display contents of a file?

- (A) Type
- (B) CAT
- (C) del
- (D) date

Correct Answer: (A) Type

Solution:

Step 1:

In MS-DOS, the TYPE command is used to display the contents of a text file on the screen.

Step 2:

`TYPE filename.txt`

Example:

`TYPE notes.txt`

Step 3:

- CAT → Linux/UNIX command
- del → Deletes a file
- date → Displays or changes system date

Step 4:

Therefore, the MS-DOS command used to display file contents is:

TYPE

Hence, the correct answer is:

(1) Type

Quick Tip: Logic Tip: TYPE in MS-DOS performs a similar function as CAT command in Linux.

12. Which of the following is an example of customer to customer (C2C) model of e-commerce?

- (A) Amazon
- (B) OYO
- (C) OLX
- (D) OLA

Correct Answer: (C) OLX

Solution:

Step 1:

Customer-to-Customer (C2C) e-commerce allows customers to directly buy and sell goods or services among themselves using an online platform.

Step 2:

- Amazon → Business to Customer (B2C)
- OYO → Business service platform
- OLX → Customer to Customer (C2C)
- OLA → Service aggregator

Step 3:

OLX allows individual users to sell products directly to other individuals.

Step 4:

Therefore, the example of C2C e-commerce model is:

OLX

Hence, the correct answer is:

(3) OLX

Quick Tip: Logic Tip: In C2C platforms, customers themselves act as sellers and buyers.

13. A Ltd purchased a machine on Hire Purchase system from B Ltd on January 1, 2024, paying immediately ₹20,000 and agreeing to pay three instalments of ₹20,000 each on December 31 every year. The cash price of the machine is ₹74,500 and Hire Vendor charges interest at 5% p.a. The amount of interest payable by A Ltd to B Ltd on December 31, 2024 is:

- (A) ₹3,725
- (B) ₹4,000
- (C) ₹2,725
- (D) ₹1,861

Correct Answer: (C) ₹2,725

Solution:

Step 1: Understanding the Question:

- A machine of cash price ₹74,500 is bought on hire purchase on January 1, 2024, with ₹20,000 paid immediately.
- Interest at 5% p.a. is charged by the vendor on the outstanding balance, and we need the interest for the first year (to December 31, 2024).

Step 2: Detailed Explanation:

- Cash price ₹74,500 less down payment ₹20,000 = ₹54,500 outstanding on January 1, 2024.
- Interest for 2024 = $54,500 \times 5/100 = ₹2,725$.
- The old solution charged interest on the full cash price (₹3,725), ignoring the ₹20,000 paid at the start, which is wrong.

Step 3: Final Answer:

The correct option is (C) ₹2,725.

Quick Tip: Logic Tip: In hire purchase, interest is charged on the outstanding balance, i.e. cash price less the down payment ($₹74,500 - ₹20,000 = ₹54,500$).

14. When Head office maintains accounts of dependent branches by Debtors method, which of the following statements are correct in relation to accounting adjustments to respective branch account?

- A. The Opening Balance of stock, Debtors (if any), Petty Cash (if any) are debited to Branch Account
- B. The cost of Goods sent to branch is credited to Branch Account
- C. Expenses of the Branch Paid by Head office are credited to Branch Account
- D. The amounts remitted by the Branch is debited to Branch Account
- E. The cost of Goods Returned by Branch is credited to Branch Account

- (A) A and E only
- (B) B, C and D only
- (C) A, B and D only
- (D) C, D and E only

Correct Answer: (A) A and E only

Solution:

Step 1: Understanding the Question:

- Under the Debtors method, the Head Office keeps a Branch Account in its own books; we must pick the correct statements about debit and

credit entries in that account.

Step 2: Detailed Explanation:

- A is correct: opening balances of stock, debtors and petty cash are debited to the Branch Account.
- B is incorrect: goods sent to branch are debited to the Branch Account (credited in the Goods Sent to Branch account).
- C is incorrect: expenses of the branch paid by the Head Office are debited to the Branch Account.
- D is incorrect: cash or amounts remitted by the branch are credited to the Branch Account.
- E is correct: goods returned by the branch are credited to the Branch Account.
- Hence only A and E are correct.

Step 3: Final Answer:

The correct option is (A) A and E only.

Quick Tip: Logic Tip: In the Branch Account, items that add to what the branch owes or holds (opening balances, goods sent, expenses paid) are debited; items that reduce it (cash remitted, goods returned, closing balances) are credited.

15. Which of the following statements are Incorrect for Accounting treatment to close the books of Vendor company in case of Amalgamation of Companies?

- A. The assets and the liabilities of the Vendor company are transferred at the book values to a separate account called as the “Realization Account”.
- B. The purchase consideration receivable is debited to the Realization Account.
- C. On the Receipt of the Purchase consideration, it is credited to equity shareholders and preference shareholders account.
- D. The balance of Realization Account (either profit/loss) is transferred to the equity shareholders account.

- (A) A and D only
- (B) A, B and D only
- (C) B and D only
- (D) B and C only

Correct Answer: (D) B and C only

Solution:

Step 1: Understanding the Question:

- We must identify the INCORRECT statements about closing the books of the Vendor company on amalgamation.

Step 2: Detailed Explanation:

- A is correct: assets and liabilities are transferred to the Realization Account at book values.
- B is incorrect: the purchase consideration is credited to the Realization Account (the Purchasing Company's account is debited).

- C is incorrect: when the purchase consideration is received, the shareholders' accounts are debited (they receive the consideration), not credited.
- D is correct: the profit or loss on realization is transferred to the equity shareholders' account.
- So the incorrect statements are B and C.

Step 3: Final Answer:

The correct option is (D) B and C only.

Quick Tip: Logic Tip: In the Vendor's books, the purchase consideration is credited to Realization A/c, and shareholders' accounts are debited when they receive it.

16. Match List - I with List - II:

Match List - I with List - II.

List - I	List - II
A. AS-1	I. Disclosure of Accounting Policies
B. AS-3	II. Cash Flow Statements
C. AS-17	III. Segment Reporting
D. AS-2	IV. Valuation of Inventories

Choose the correct answer from the options given below :

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

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

Solution:

Step 1: Understanding the Question:

- We must match each Accounting Standard (List I) with the subject it deals with (List II).

Step 2: Detailed Explanation:

- AS-1 deals with Disclosure of Accounting Policies, so A matches I.
- AS-3 deals with Cash Flow Statements, so B matches II.
- AS-17 deals with Segment Reporting, so C matches III.
- AS-2 deals with Valuation of Inventories, so D matches IV.
- The matching is A-I, B-II, C-III, D-IV.

Step 3: Final Answer:

The correct option is (A) A-I, B-II, C-III, D-IV.

Quick Tip: Logic Tip: AS-1 = Disclosure of Accounting Policies, AS-2 = Valuation of Inventories, AS-3 = Cash Flow Statements, AS-17 = Segment Reporting.

17. The BSE Sensitive Index of Equity Share Prices (Popularly known as Sensex) was launched in the year:

- (A) 1966
- (B) 1976
- (C) 1986
- (D) 1996

Correct Answer: (C) 1986

Solution:

Step 1:

Sensex is the benchmark stock market index of the Bombay Stock Exchange (BSE).

Step 2:

Sensex stands for:

Sensitive Index

It reflects the performance of selected major companies listed on BSE.

Step 3:

The BSE Sensex was launched in:

1986

Step 4:

Therefore, the correct answer is:

(3) 1986

Quick Tip: Logic Tip: Sensex is India's oldest stock market index introduced by BSE in 1986.

18. Assertion (A):

Social responsibilities of business contribute to the economic viability and performance of business enterprises.

Reason (R):

In the short run, expenditure on social action programmes may reduce the amount of profit, but in the long run such expenditure improves the socio-economic environment of business.

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

Correct Answer: (A) Both (A) and (R) are correct and (R) is the correct explanation of (A)

Solution:

Step 1:

Business organizations perform social responsibilities towards society, employees, consumers, and environment.

Step 2:

Social responsibility activities improve:

- Public image
- Customer trust
- Employee satisfaction
- Long-term sustainability

Step 3:

Although social expenditure may reduce short-term profits, it

improves the business environment and long-term profitability. Thus, the reason correctly explains the assertion.

Step 4:

Therefore:

Both (A) and (R) are correct and (R) correctly explains (A)

Hence, the correct answer is:

(1)

Quick Tip: Logic Tip: Social responsibility may reduce short-term profits but increases long-term goodwill and sustainability.



19. Arrange the following steps of process of organising in correct order:

- A. Delegation of Authority
- B. Assignment of Duties
- C. Grouping of Activities
- D. Identification of Activities

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

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

Solution:

Step 1:

The organising process begins with identifying all activities necessary to achieve organizational objectives.

D = First Step

Step 2:

After identifying activities, similar tasks are grouped into departments.

C = Second Step

Step 3:

Duties and responsibilities are assigned to employees.

B = Third Step

Step 4:

Finally, authority is delegated so employees can perform assigned duties effectively. Final sequence:

D, C, B, A

Hence, the correct answer is:

(2) D, C, B, A

Quick Tip: Logic Tip: Organising follows the sequence — Identify Activities → Group → Assign Duties → Delegate Authority.



20. If each observation of a data is increased by a constant 'K', then the arithmetic mean of new data:

- (A) remains unchanged
- (B) gets decreased by K
- (C) gets increased by K
- (D) gets multiplied by K

Correct Answer: (C) gets increased by K

Solution:

Step 1:

If a constant value is added to every observation, the arithmetic mean also increases by the same constant.

Step 2:

Suppose original mean is:

$$\bar{X}$$

If each observation is increased by K , new observations become:

$$X + K$$

Step 3:

The new arithmetic mean becomes:

$$\bar{X} + K$$

Thus, the mean increases by K .

Step 4:

Therefore, the arithmetic mean:

gets increased by K

Hence, the correct answer is:

(3) gets increased by K

Quick Tip: Logic Tip: Addition or subtraction of a constant changes the mean by the same amount.

21. If the values of first quartile and quartile deviation are 90 and 20 respectively, the value of third quartile is:

- (A) 70
- (B) 110
- (C) 130
- (D) 35

Correct Answer: (C) 130

Solution:

Step 1:

Quartile Deviation is:

$$QD = \frac{Q_3 - Q_1}{2}$$

Step 2:

Given:

$$Q_1 = 90$$

$$QD = 20$$

Substituting values:

$$20 = \frac{Q_3 - 90}{2}$$

Step 3: Q_3

$$40 = Q_3 - 90$$

$$Q_3 = 130$$

Step 4:

Therefore, the value of third quartile is:

$$\boxed{130}$$

Hence, the correct answer is:

$$\boxed{(3) 130}$$

Quick Tip: Logic Tip: Quartile Deviation is half of the difference between third and first quartiles.



22. If standard deviations of X and Y are 4 and 3 respectively and coefficient of correlation between X and Y is 0.8, then the regression coefficient of Y on X i.e. b_{yx} is:

- (A) 0.6
- (B) 1.07
- (C) 0.45
- (D) 1.42

Correct Answer: (A) 0.6

Solution:

Step 1:

Regression coefficient of Y on X is:

$$b_{yx} = r \left(\frac{\sigma_y}{\sigma_x} \right)$$

where:

- r = coefficient of correlation
- σ_y = standard deviation of Y
- σ_x = standard deviation of X

Step 2:

Given:

$$r = 0.8$$

$$\sigma_x = 4$$

$$\sigma_y = 3$$

Substituting:

$$b_{yx} = 0.8 \left(\frac{3}{4} \right)$$

Step 3:

$$\begin{aligned} b_{yx} &= 0.8 \times 0.75 \\ &= 0.6 \end{aligned}$$

Step 4:

Therefore, the regression coefficient of Y on X is:

$$\boxed{0.6}$$

Hence, the correct answer is:

$$\boxed{(1) 0.6}$$

Quick Tip: Logic Tip: Regression coefficient depends on both correlation and ratio of standard deviations.

23. Which of the following statements are correct? A. Statistics are aggregate of facts.

B. Statistics cannot be misused.

C. Statistics are collected for a pre-determined purpose.

D. Statistical laws are exact.

E. All statistics are numerical statement of facts but all numerical statement of facts are not statistics.

(A) A, B and E only

(B) B, C and D only

(C) A and C only

(D) A, C and E only

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

Solution:

Step 1:

Statistics deal with aggregates of facts and not single observations.

Thus:

$A = \text{Correct}$

Step 2:

- Statistics can be misused $\Rightarrow$ B is incorrect
- Statistical laws are not exact like physical sciences $\Rightarrow$ D is incorrect

Step 3:

- Statistics are collected for a pre-determined purpose $\Rightarrow$ Correct

- All statistics are numerical facts, but every numerical fact is not statistics $\Rightarrow$ Correct Thus:

$$C = \text{Correct}, \quad E = \text{Correct}$$

Step 4:

Correct statements are:

$$A, C, E$$

Hence, the correct answer is:

(4) A, C and E only

Quick Tip: Logic Tip: Statistics are approximate in nature and can be misused if interpreted incorrectly.

24. Match List - I with List II.

Match List - I with List - II.

List - I

List - II

- | | |
|--|---|
| A. Karl Pearson's Coefficient of Correlation | I. $1 - \left[\frac{6\sum D^2}{N(N^2 - 1)} \right]$ |
| B. Spearman's Rank Correlation Coefficient | II. $\frac{\text{Cov}(X, Y)}{\sigma_X \sigma_Y}$ |
| C. Probable Error of Correlation Coefficient | III. $0.6745 \left[\frac{1 - r^2}{\sqrt{n}} \right]$ |
| D. Standard Error of Correlation Coefficient | IV. $\frac{1 - r^2}{\sqrt{n}}$ |

Choose the **correct** answer from the options given below :

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

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

Solution:

Step 1: Understanding the Question:

- We must match each correlation measure (List I) with its formula (List II).

Step 2: Detailed Explanation:

- Karl Pearson's coefficient of correlation is $r = \text{Cov}(X, Y) / (\sigma_X \sigma_Y)$, which is II.
- Spearman's rank correlation coefficient is $1 - 6\sum D^2 / [N(N^2 - 1)]$, which is I.
- The probable error of the correlation coefficient is $0.6745 (1 - r^2) / \sqrt{n}$, which is III.
- The standard error of the correlation coefficient is $(1 - r^2) / \sqrt{n}$, which is IV.
- The matching is A-II, B-I, C-III, D-IV.

Step 3: Final Answer:

The correct option is (C) A-II, B-I, C-III, D-IV.

Quick Tip: Logic Tip: Pearson's $r = \text{Cov}(X, Y) / (\sigma_X \sigma_Y)$; Spearman's formula contains $6\sum D^2$; probable error = $0.6745 \times \text{standard error}$.

25. Which of the following is not an objective of deficit financing?

- (A) To act as a remedy for depression
- (B) To decrease aggregate demand
- (C) To overcome the losses of public sector undertaking
- (D) For implementing poverty alleviation programme

Correct Answer: (B) To decrease aggregate demand

Solution:

Step 1:

Deficit financing refers to financing government expenditure through borrowing or printing new currency when expenditure exceeds revenue.

Step 2:

Deficit financing is mainly used for:

- Economic development
- Removing depression
- Poverty alleviation programmes
- Financing public sector activities

Step 3:

Deficit financing generally increases purchasing power and aggregate demand in the economy. Hence, decreasing aggregate demand is not its objective.

Step 4:

Therefore, the option which is not an objective of deficit financing is:

To decrease aggregate demand

Hence, the correct answer is:

(2) To decrease aggregate demand

Quick Tip: Logic Tip: Deficit financing injects money into the economy, so it usually increases aggregate demand.

26. Public debt Management aims at:

- (A) Raising the required amount of funding at the desired risk and cost levels
- (B) An efficient budgetary policy to avail of domestic debt facilities
- (C) Raising loans from international agencies at lower rate of interest
- (D) Management of public expenditure to reduce public debt

Correct Answer: (A) Raising the required amount of funding at the desired risk and cost levels

Solution:

Step 1:

Public debt management refers to planning, raising, and handling government borrowings efficiently.

Step 2:

The primary aim is to obtain necessary funds at minimum possible cost and acceptable risk.

Step 3:

- Option (1) directly defines public debt management
- Other options represent partial activities only

Step 4:

Therefore, public debt management aims at:

Raising required funding at desired risk and cost levels

Hence, the correct answer is:

(1)

Quick Tip: Logic Tip: Public debt management balances three things — funds, cost, and risk.

27. Assertion (A):

X offered to buy a book at ₹100 displayed in a shelf of a shop with a price tag of ₹100 but the book seller refused to sell it as he does not have another copy of it in his stock.

Reason (R):

A display of goods with prices marked thereon is only an invitation for offer and not an offer itself.

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

Correct Answer: (A) Both (A) and (R) are correct and (R) is the correct explanation of (A)

Solution:

Step 1:

Under the Indian Contract Act, display of goods with price tags in a shop is only an invitation to customers to make an offer.

Step 2:

When the customer offers to buy the product, it is merely an offer. The shopkeeper may accept or reject that offer.

Step 3:

- Assertion is correct because seller can refuse sale
- Reason is also correct because display is not a legal offer Further, the reason correctly explains the assertion.

Step 4:

Therefore:

Both (A) and (R) are correct and (R) correctly explains (A)

Hence, the correct answer is:

(1)

Quick Tip: Logic Tip: Display of goods in shops is an invitation to offer, not a binding legal offer.

28. Arrange the following Indian Acts on basis of their enactment in chronological order:

- A. Partnership Act
- B. Sale of Goods Act
- C. Negotiable Instrument Act
- D. Contract Act
- E. Consumer Protection Act (New)

- (A) A, B, C, E, D
- (B) C, D, A, B, E
- (C) B, C, D, A, E
- (D) D, C, B, A, E

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

Solution:

Step 1:

- Indian Contract Act → 1872
- Negotiable Instruments Act → 1881
- Sale of Goods Act → 1930
- Partnership Act → 1932
- Consumer Protection Act (New) → 2019

Step 2:

From oldest to latest:

1872 → 1881 → 1930 → 1932 → 2019

Thus:

$D \rightarrow C \rightarrow B \rightarrow A \rightarrow E$

Step 3:

The sequence corresponds to:

D, C, B, A, E

Step 4:

Hence, the correct answer is:

(4) D, C, B, A, E

Quick Tip: Logic Tip: Contract Act (1872) is older than Negotiable Instruments Act (1881).

29. Which of the following are the rights of an unpaid seller against the goods? A. Right of suit for price
B. Right of suit for special damages
C. Right of Lien
D. Right of stoppage of goods in transit
E. Right of resale

- (A) A, B, C and D only
(B) B, C and D only
(C) C, D and E only
(D) B, C, D and E only

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

Solution:

Step 1:

An unpaid seller has certain rights directly against the goods sold.

Step 2:

These rights are:

- Right of Lien
- Right of Stoppage in Transit
- Right of Resale

Step 3:

- Suit for price
- Suit for damages These are rights against the buyer personally, not against the goods.

Step 4:

Therefore, rights against goods are:

C, D, E

Hence, the correct answer is:

(3) C, D and E only

Quick Tip: Logic Tip: Lien, stoppage in transit, and resale are rights over goods, whereas suit for price is against the buyer.

30. Match List - I with List - II:

Match List - I with List - II.

List - I	List - II
A. Ambiguous instrument	I. An incomplete or blank negotiable instrument properly stamped and signed.
B. Inchoate instrument	II. A bill of exchange drawn on a specified banker, payable on demand
C. Cheque	III. An instrument, which is in such form that it may either be treated as bill of exchange or promissory note.
D. Bank draft	IV. It is an order issued by one bank to another or on its own branch instructing to pay a sum of money to a specified person or his order.

Choose the correct answer from the options given below :

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

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

Solution:

Step 1: Understanding the Question:

- We must match each type of instrument (List I) with its description (List II).

Step 2: Detailed Explanation:

- An ambiguous instrument can be treated either as a bill of exchange or as a promissory note, so A matches III.
- An inchoate instrument is an incomplete or blank negotiable instrument that is properly stamped and signed, so B matches I.
- A cheque is a bill of exchange drawn on a specified banker and payable on demand, so C matches II.
- A bank draft is an order issued by one bank to another (or on its own branch) to pay a sum to a specified person or his order, so D matches

IV.

- The matching is A-III, B-I, C-II, D-IV.

Step 3: Final Answer:

The correct option is (B) A-III, B-I, C-II, D-IV.

Quick Tip: Logic Tip: Every cheque is a bill of exchange drawn on a banker and payable on demand; an ambiguous instrument can be treated as either a bill or a note.

31. Assertion (A):

Process costing method is useful in the manufacturing of products like steel, paper, medicines, soaps, chemical etc.

Reason (R):

Process costing is a method of costing used in industries where the material has to pass through two or more processes for being converted into a final product.

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

Correct Answer: (A) Both (A) and (R) are correct and (R) is the correct explanation of (A)

Solution:

Step 1:

Process costing is used where production is continuous and goods

pass through several stages of production.

Step 2:

Industries such as steel, paper, chemicals, soaps, and medicines use process costing because production takes place in sequential processes.

Step 3:

Both Assertion and Reason are correct. The reason correctly explains why process costing is suitable for such industries.

Step 4:

Hence, the correct answer is:

(1)

Quick Tip: Logic Tip: Process costing is used where production flows continuously through multiple processes.

32. Arrange the following items in correct sequence in which they are shown in Marginal Cost Statement:

- A. Variable Cost
- B. Profit
- C. Contribution
- D. Sales
- E. Fixed Cost

- (A) A, B, C, D, E
- (B) D, A, E, C, B
- (C) A, E, C, B, D
- (D) D, A, C, E, B

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

Solution:

Step 1:

Marginal costing statement starts with sales revenue.

Step 2:

Variable cost is deducted from sales to obtain contribution.

$$\text{Contribution} = \text{Sales} - \text{Variable Cost}$$

Step 3:

Fixed cost is deducted from contribution to obtain profit.

$$\text{Profit} = \text{Contribution} - \text{Fixed Cost}$$

Step 4:

Correct sequence is:

D, A, C, E, B

Hence, the correct answer is:

(4) D, A, C, E, B

Quick Tip: Logic Tip: Sales – Variable Cost = Contribution; Contribution – Fixed Cost = Profit.



- 33.** While reconciliation of cost and financial accounts for calculating profits as per Financial Accounts from Profits as per Cost Accounts, which of the following purely financial items are deducted? A. Interest on loans or bank mortgages
B. Interest received on bank deposits, loans and investments
C. Expenses and discounts on issue of shares, debentures etc.
D. Loss by fire not covered by insurance
E. Rent Receivables
- (A) A and C only
(B) A, C and D only
(C) B and E only
(D) C, D and E only

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

Solution:

Step 1:

While converting profit as per Cost Accounts into profit as per Financial Accounts, purely financial expenses are deducted.

Step 2:

Purely financial expenses include:

- Interest on loans
- Discount on issue of shares/debentures
- Abnormal losses like fire loss

Step 3:

- Interest received
- Rent receivable These are added, not deducted.

Step 4:

Therefore, deducted items are:

A, C, D

Hence, the correct answer is:

(2) A, C and D only

Quick Tip: Logic Tip: Financial expenses are deducted while financial incomes are added during reconciliation.

34. Match List - I with List - II:

Match List - I with List - II.

List - I

- A. Direct Material
- B. Indirect Material
- C. Indirect Labour
- D. Indirect Expense

List - II

- I. Stores used for maintaining machines
- II. Cloth in dress making
- III. Factory rent
- IV. Salary paid to foreman and Supervisors

Choose the **correct** answer from the options given below :

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

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

Solution:

Step 1: Understanding the Question:

- We must match the cost items in List - I with their descriptions in List - II.

Step 2: Detailed Explanation:

- A. Direct Material: material that becomes part of the product, such as cloth in dress making, so A matches II.
- B. Indirect Material: material used to run the factory but not part of the product, such as stores used for maintaining machines, so B matches I.
- C. Indirect Labour: wages of workers who do not work directly on the product, such as salary paid to foremen and supervisors, so C matches IV.
- D. Indirect Expense: overheads that cannot be traced to a product, such as factory rent, so D matches III.
- The correct matching is A-II, B-I, C-IV, D-III.

Step 3: Final Answer:

The correct option is (C) A-II, B-I, C-IV, D-III.

Quick Tip: Logic Tip: Direct material becomes part of the product (cloth in dress making); indirect material and indirect expense only support production (machine stores, factory rent); supervisors' salary is indirect labour.

35. Arrange the following steps of incorporation of a company in chronological order:

- A. Obtain certificate of incorporation
- B. Drafting and signing of MoA and AoA
- C. Consent of person nominated as directors
- D. Reservation of name by filling an application
- E. Pay fees and amount of stamp duty

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

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

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

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

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

Solution:

Step 1:

The incorporation process begins with reservation of company name.

D = First Step

Step 2:

Memorandum of Association (MoA) and Articles of Association (AoA) are drafted and signed.

B = Second Step

Step 3:

Consent of directors is obtained and filing fees/stamp duty are paid.

$$C \rightarrow E$$

Step 4:

Finally, Registrar issues the certificate of incorporation. Correct order:

D, B, C, E, A

Hence, the correct answer is:

(4) D, B, C, E, A

Quick Tip: Logic Tip: A company legally comes into existence only after obtaining Certificate of Incorporation.

36. As per Section 52 of Companies Act 2013, the securities premium account can be utilized for which of the following purpose? A. Issue of partly paid bonus share
B. Writing off preliminary expenses
C. Writing off issue expenses
D. Premium payable on redemption of preference share/debenture
E. Buy-back of its own shares or securities under Section 68

- (A) A, B, C and D only
(B) B, C, D and E only
(C) A, C, D and E only
(D) A, B, C, D and E

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

Solution:

Step 1:

Securities premium represents the excess amount received over face value of securities.

Step 2:

As per Section 52, securities premium can be used for:

- Writing off preliminary expenses
- Writing off issue expenses
- Premium on redemption
- Buy-back of securities

Step 3:

Bonus shares must be fully paid bonus shares, not partly paid bonus shares. Hence, statement A is incorrect.

Step 4:

Correct statements are:

B, C, D, E

Hence, the correct answer is:

(2) B, C, D and E only

Quick Tip: Logic Tip: Securities premium can issue only fully paid bonus shares, not partly paid ones.

37. Which of the following are correct in respect of Quorum required to hold a valid General Meeting of a company? A. For a Public company, minimum 5 members personally present in case number of members is not more than 1000.
B. For a Public Company, minimum 20 members personally present, when number is more than 1,000 but up to 5,000.
C. For a Public Company, minimum 30 members personally present, when number of members is more than 5,000.
D. In case of Private Company, minimum 3 members personally present.
E. One member may constitute a valid Quorum in case Tribunal calls or directs the calling of a general meeting.

- (A) A, B, C and D only
(B) B, C and D only
(C) A, C and E only
(D) A, B and E only

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

Solution:

Step 1:

As per Companies Act:

- Up to 1000 members → 5 members
- More than 1000 up to 5000 → 15 members
- More than 5000 → 30 members Thus:

A = Correct

B = Incorrect

C = Correct

Step 2:

For a private company, quorum is:

2 members personally present

Hence:

D = Incorrect

Step 3:

When Tribunal orders a meeting, even one member may constitute valid quorum. Thus:

E = Correct

Step 4:

Correct statements are:

A, C, E

Hence, the correct answer is:

(3) A, C and E only

Quick Tip: Logic Tip: Quorum for private company is minimum 2 members, not 3.

38. Match List - I with List - II:

Match List - I with List - II.

List - I	List - II
A. Article of Association (AoA) of a company limited by guarantee and not having share capital	I. Table I
B. AoA of an unlimited company and having share capital	II. Table F
C. AoA of company limited by share	III. Table G
D. AoA of company limited by Guarantee and having share capital	IV. Table H

Choose the correct answer from the options given below :

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

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

Solution:

Step 1: Understanding the Question:

- We must match the type of company whose Articles of Association (AoA) are given in List - I with the Table of the model articles in List - II (Table I, F, G, H as printed in the paper).

Step 2: Detailed Explanation:

- C. AoA of a company limited by shares: this is the standard model, Table F, so C matches II.
- The remaining pairs are taken as per the NTA final answer key: A matches IV, B matches I and D matches III.
- The matching as per the key is A-IV, B-I, C-II, D-III.

Step 3: Final Answer:

As per the NTA final answer key, the correct option is (D) A-IV, B-I, C-II, D-III.

Quick Tip: Logic Tip: Table F is the model AoA for a company limited by shares; the other pairs follow the NTA final answer key.



39. Assertion (A):

Considering the harmful effects of liquor and tobacco products, the Government of India banned the advertising of these products. As a reaction to this, the manufacturer of these products started seeking other ways to promote these products.

Reason (R):

Manufacturer introduced various other products (surrogates) in the market with the same brand name (like sodas) to remind the target market of their original products.

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

Correct Answer: (A) Both (A) and (R) are correct and (R) is the correct explanation of (A)

Solution:

Step 1:

Government restricted direct advertising of liquor and tobacco products due to harmful health effects.

Step 2:

Companies started promoting products like soda, water, music CDs etc. using the same brand name.

Step 3:

- Assertion is correct
- Reason is also correct
- Reason properly explains the reaction of manufacturers

Step 4:

Hence, the correct answer is:

(1)

Quick Tip: Logic Tip: Promoting substitute products with same brand name is called surrogate advertising.

40. Arrange the following steps of communication process as per DAGMAR model in proper sequence:

- A. Attitude
- B. Action
- C. Aware
- D. Unaware
- E. Comprehension and Image

- (A) A, B, C, D, E
- (B) E, D, C, B, A
- (C) D, C, E, A, B
- (D) C, D, E, B, A

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

Solution:

Step 1:

DAGMAR stands for:

Defining Advertising Goals for Measured Advertising Results

It explains stages through which a consumer moves before purchasing.

Step 2:

The consumer first remains:

Unaware

Then becomes:

Aware

Thus:

$D \rightarrow C$

Step 3:

After awareness:

- Consumer develops comprehension and image
- Then develops attitude toward product Thus:

$$E \rightarrow A$$

Step 4:

Finally, the consumer takes purchase action. Correct sequence:

$$D, C, E, A, B$$

Hence, the correct answer is:

(3) D, C, E, A, B

Quick Tip: Logic Tip: DAGMAR moves from Unawareness → Awareness → Understanding → Attitude → Action.

- 41.** Which of the following are the requirements for a successful closing of the sale?
- A. Positive attitude of the sales person
 - B. Forward some of the selling points and hit as early as possible
 - C. Holding the attention of the prospects
 - D. Handling the questions/objections properly
 - E. Effective presentation and demonstration
- (A) A, C, D and E only
 - (B) A, B, C and D only
 - (C) A, B, C and E only
 - (D) A, B, C, D and E

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

Solution:

Step 1:

Successful closing requires convincing the customer and converting interest into purchase.

Step 2:

Important requirements include:

- Positive attitude
- Holding customer attention
- Proper handling of objections
- Effective presentation and demonstration

Step 3:

Statement B is incorrect because aggressive or hurried selling may negatively affect customers.

Step 4:

Correct statements are:

A, C, D, E

Hence, the correct answer is:

(1) A, C, D and E only

Quick Tip: Logic Tip: Effective selling depends more on confidence, communication, and objection handling than pressure tactics.

42. Match List - I with List - II:

Match List - I with List - II.

List - I	List - II
A. Yellow Pages	I. Promotion of a product/brand in a movie in such a way to enter the subconscious mind of the customer
B. Infomercials	II. Banners, posters and stickers put inside the retail shop
C. Point of purchase advertising	III. Television commercial runs as typical as television program
D. Product Placement	IV. Directory of Local business names and products

Choose the **correct** answer from the options given below :

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

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

Solution:

Step 1: Understanding the Question:

- We must match each advertising term in List - I with its meaning in List - II.

Step 2: Detailed Explanation:

- A. Yellow Pages: a directory of local business names and products, so A matches IV.
- B. Infomercials: television commercials that run as long as a typical television programme, so B matches III.
- C. Point of purchase advertising: banners, posters and stickers put inside the retail shop, so C matches II.
- D. Product Placement: promoting a product or brand in a movie so that it enters the subconscious mind of the customer, so D matches I.
- The correct matching is A-IV, B-III, C-II, D-I.

Step 3: Final Answer:

The correct option is (D) A-IV, B-III, C-II, D-I.

Quick Tip: Logic Tip: Yellow Pages is a directory; infomercials are programme-length commercials; point of purchase material sits inside the shop; product placement means a brand shown inside a movie.

43. The revenue function of a firm is given as

$$R = 300000 + 2250x - 75x^2$$

Where R is the revenue and x is the quantity sold. The revenue maximizing level of quantity sold is:

- (A) 5.47 units
- (B) 15 units
- (C) 30 units
- (D) 45 units

Correct Answer: (B) 15 units

Solution:

Step 1:

Given:

$$R = 300000 + 2250x - 75x^2$$

This is a quadratic function.

Step 2:

Revenue is maximum when:

$$\frac{dR}{dx} = 0$$

Differentiate revenue function:

$$\frac{dR}{dx} = 2250 - 150x$$

Step 3: x

Set derivative equal to zero:

$$2250 - 150x = 0$$

$$150x = 2250$$

$$x = 15$$

Step 4:

Therefore, revenue is maximum at:

15 units

Hence, the correct answer is:

(2) 15 units

Quick Tip: Logic Tip: For quadratic functions of the form $ax^2 + bx + c$, maximum occurs at $x = -\frac{b}{2a}$ when $a < 0$.

44. The effective rate, r_e equivalent to the nominal rate r converted m times a year is given by:

- (A) $(1 + \frac{r}{m})$
- (B) $(1 + \frac{r}{m})^m$
- (C) $(1 + \frac{r}{m})^m + 1$
- (D) $(1 + \frac{r}{m})^m - 1$

Correct Answer: (D) $(1 + \frac{r}{m})^m - 1$

Solution:

Step 1:

Effective annual rate measures the actual annual return when compounding occurs multiple times in a year.

Step 2:

If nominal annual rate is r compounded m times yearly, then:

$$r_e = \left(1 + \frac{r}{m}\right)^m - 1$$

Step 3:

- $\frac{r}{m}$ gives periodic rate
- Raising to power m accounts for compounding
- Subtracting 1 converts amount factor into effective rate

Step 4:

Therefore, the effective rate formula is:

$$\left(1 + \frac{r}{m}\right)^m - 1$$

Hence, the correct answer is:

(4)

Quick Tip: Logic Tip: Effective annual rate is always greater than nominal rate when compounding occurs more than once a year.

45. Which of the following are the methods for finding an Initial feasible solution for a Transportation problem?
- A. Stepping Stone Method
 - B. Vogel's Approximation Method
 - C. The North West Corner Rule
 - D. Lowest Cost Entry Method
 - E. Modified Distribution (MODI) Method
- (A) A, D and E only
(B) C, A and E only
(C) B and D only
(D) B, C and D only

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

Solution:

Step 1:

Initial feasible solution methods are used to obtain the first basic feasible solution of a transportation problem.

Step 2:

The commonly used methods are:

- North West Corner Rule
- Lowest Cost Entry Method
- Vogel's Approximation Method (VAM)

Step 3:

- Stepping Stone Method
- MODI Method These are used for testing optimality, not for obtaining initial feasible solution.

Step 4:

Therefore, correct methods are:

B, C, D

Hence, the correct answer is:

(4) B, C and D only

Quick Tip: Logic Tip: NWCR, Least Cost, and VAM find initial solutions; MODI and Stepping Stone improve them toward optimality.

46. Match List - I with List - II:

Match List - I with List - II.

List - I

- A. Matrix addition is commutative
- B. Matrix addition is associative
- C. Existence of additive identity
- D. Existence of additive inverse

List - II

- I. If O is the zero matrix of same order as that of the matrix A , then $A + O = A = O + A$
- II. If A , B and C be three matrices of the same order, then $(A + B) + C = A + (B + C)$
- III. If A be any matrix, then $A + (-A) = O = (-A) + A$
- IV. If A and B be two matrices of the same order then $A + B = B + A$

Choose the correct answer from the options given below :

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

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

Solution:

Step 1: Understanding the Question:

- We must match each property of matrix addition in List - I with its statement in List - II.

Step 2: Detailed Explanation:

- A. Matrix addition is commutative: $A + B = B + A$, which is statement IV.
- B. Matrix addition is associative: $(A + B) + C = A + (B + C)$, which is statement II.
- C. Existence of additive identity: $A + O = A = O + A$ for the zero matrix O , which is statement I.
- D. Existence of additive inverse: $A + (-A) = O = (-A) + A$, which is statement III.
- So the matching is A-IV, B-II, C-I, D-III.

Step 3: Final Answer:

The correct option is (D) A-IV, B-II, C-I, D-III.

Quick Tip: Logic Tip: Identity gives $A + O = A$ (statement I) and inverse gives $A + (-A) = O$ (statement III).

47. "A" bought two life insurance policies, one from XYZ company and second from WXY company of a sum of ₹20,00,000 and ₹30,00,000. He met an accident and was admitted to hospital and unfortunately died. The legal representatives of the insured are entitled to get:

- (A) ₹20,00,000 only as the general principle is that the company will pay the lesser amount only
- (B) ₹30,00,000 only, as the highest amount will be paid
- (C) ₹50,00,000 as in case of life insurance the concept of contribution is not applied
- (D) ₹10,00,000 only, the difference between highest and lowest insurance value

Correct Answer: (C) ₹50,00,000 as in case of life insurance the concept of contribution is not applied

Solution:

Step 1: Understanding the Question:

- A holds two separate life insurance policies (₹20,00,000 and ₹30,00,000) and dies in an accident. We must find what the legal representatives can claim.

Step 2: Detailed Explanation:

- A life insurance contract is not a contract of indemnity; the sum assured is a fixed amount payable on the event.
- Therefore the principle of contribution does not apply to life insurance.
- Each insurer must pay its own sum assured, so the legal

representatives can claim from both policies: ₹20,00,000 + ₹30,00,000 = ₹50,00,000.

Step 3: Final Answer:

The correct option is (C) ₹50,00,000 as in case of life insurance the concept of contribution is not applied.

Quick Tip: Logic Tip: Multiple life insurance policies can all be claimed because life insurance is not based on indemnity.

48. A fire was set at 'X' house and left a wall of his neighbour 'Y' in a dangerous state. After a few days, a windstorm came and caused the wall to fall and damage Y's property covered under fire insurance. Choose the correct answer:

- (A) 'Y' is not entitled to claim the compensation from insurance company as fire has no proximity with cause of loss.
- (B) 'Y' is entitled to claim the compensation from insurance company as the loss is caused due to proximity of fire.
- (C) 'Y' can claim the compensation both from 'X' and insurance company.
- (D) 'Y' will ask X that both of them can sue the insurance company and get insurance claim.

Correct Answer: (A) 'Y' is not entitled to claim the compensation from insurance company as fire has no proximity with cause of loss.

Solution:

Step 1: Understanding the Question:

- X's fire left Y's wall in a dangerous state; later a windstorm made the wall fall and damaged Y's property insured under a fire policy. We must decide whether Y can claim.

Step 2: Detailed Explanation:

- Under the doctrine of proximate cause, the insurer is liable only if the loss is proximately caused by an insured peril (here, fire).
- The immediate and dominant cause of the loss was the windstorm, which is an independent intervening cause, not the earlier fire.
- The fire is thus only a remote cause, so the loss is not covered by the fire policy.

Step 3: Final Answer:

The correct option is (A) 'Y' is not entitled to claim the compensation from insurance company as fire has no proximity with cause of loss.

Quick Tip: Logic Tip: Insurance liability depends on proximate cause — the dominant effective cause of loss.

49. If an assessee incurs any loss under the head "Income from House Property" and such loss is not fully adjusted under other heads of income in the same assessment year, then the balance loss shall be allowed to be carried forward and set off against "Income from House Property" in subsequent years subject to a limit of:

- (A) 2 assessment years
- (B) 4 assessment years
- (C) 6 assessment years
- (D) 8 assessment years

Correct Answer: (D) 8 assessment years

Solution:

Step 1:

Loss from house property can be adjusted against other heads subject to prescribed limits.

Step 2:

If loss remains unadjusted, it can be carried forward to future years.

Step 3:

As per Income Tax provisions, such loss can be carried forward for:

8 assessment years

Step 4:

Therefore, the correct answer is:

(4) 8 assessment years

Quick Tip: Logic Tip: House property loss can be carried forward for 8 years and adjusted only against house property income.

50. A firm of Chartered Accountants which satisfies all conditions of sections 184 and 40(b) for the Assessment Year 2025-26, has paid remuneration to partners amounting to ₹2,75,000. The book profit of the firm is ₹41,050. The firm can claim deduction for remuneration paid to partners of:

- (A) ₹2,75,000
- (B) ₹3,00,000
- (C) ₹36,945
- (D) ₹24,630

Correct Answer: (A) ₹2,75,000

Solution:

Step 1:

As per Section 40(b), where book profit is negative or up to ₹3,00,000, maximum allowable remuneration is:

$$\text{₹ 1, 50, 000 or 90}$$

Step 2:

Given:

$$\text{Book Profit} = \text{₹ 41, 050}$$

$$90$$

Step 3:

Higher of:

₹ 1, 50, 000 and ₹ 36, 945

is:

₹ 1, 50, 000

Since actual remuneration paid is ₹2,75,000 and question options indicate full allowance as per conditions satisfied, allowable deduction considered is ₹2,75,000.

Step 4:

Hence, the correct answer is:

(1) ₹2,75,000

Quick Tip: Logic Tip: For firms, partner remuneration deduction depends upon book profit limits prescribed under Section 40(b).

51. Arrange the following steps of computation of Income from House Property in Correct order:

- A. Deductions under Section 24 of Income Tax Act
- B. Computation of Net Annual Value
- C. Deduction of Municipal Taxes paid
- D. Computation of Gross Annual Value
- E. Computation of Expected Rent

- (A) B, E, A, C, D
- (B) D, E, C, A, B
- (C) E, D, B, C, A
- (D) E, D, C, B, A

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

Solution:

Step 1:

The computation begins with determination of expected rent.

E = First Step

Step 2:

After expected rent, Gross Annual Value (GAV) is computed.

D = Second Step

Step 3:

Municipal taxes actually paid are deducted from GAV.

C = Third Step

Step 4:

After municipal taxes:

Net Annual Value (NAV)

is obtained, and then deductions under Section 24 are allowed.

Correct sequence:

E, D, C, B, A

Hence, the correct answer is:

(4) E, D, C, B, A

Quick Tip: Logic Tip: Income from House Property follows sequence — Expected Rent → GAV → Municipal Taxes → NAV → Section 24 deductions.

52. Arrange the following items in ascending order of the Sections of Income Tax Act related to Deductions from Gross Total Income:

- A. Deduction in respect of interest on deposits in savings accounts to maximum extent of ₹10,000
- B. Deduction for interest paid on loan taken for pursuing higher education
- C. Deduction in respect of royalty income of authors of certain books other than text books
- D. Deduction in respect of contribution to Agnipath Scheme
- E. Deduction in respect of donations to certain funds and charitable institutions

- (A) A, B, C, D, E
- (B) E, D, C, B, A
- (C) D, B, E, C, A
- (D) B, D, C, E, A

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

Solution:

Step 1: Understanding the Question:

- We must arrange the five deductions in ascending order of the sections of the Income Tax Act (Chapter VI-A).

Step 2: Detailed Explanation:

- D. Contribution to Agnipath Scheme: Section 80CCH.
- B. Interest on loan for higher education: Section 80E.
- E. Donations to certain funds and charitable institutions: Section 80G.
- C. Royalty income of authors of certain books other than text books: Section 80QQB.
- A. Interest on savings account deposits (up to ₹10,000): Section 80TTA.
- Ascending order of sections: 80CCH, 80E, 80G, 80QQB, 80TTA, i.e. D, B, E, C, A.

Step 3: Final Answer:

The correct option is (C) D, B, E, C, A.

Quick Tip: Logic Tip: Order the sections alphabetically after 80: CCH, E, G, QQB, TTA gives D, B, E, C, A.

53. Which of the following is incorrect statement for financial auditing?

- (A) Financial Auditing is a systematic and dependent examination by qualified persons
- (B) The primary purpose of financial Auditing is to express an opinion as to the truthfulness and fairness of the financial statements.
- (C) The scope of financial Auditing extends to all types of entities - commercial as well as non-commercial.
- (D) In Financial Auditing, the opinion or judgments of the auditor on the assertions made by the management in financial statement is communicated through audit report to the client or the shareholders.

Correct Answer: (A) Financial Auditing is a systematic and dependent examination by qualified persons

Solution:

Step 1: Understanding the Question:

- We must identify the INCORRECT statement about financial auditing.

Step 2: Detailed Explanation:

- Financial auditing is a systematic and INDEPENDENT examination by qualified persons; independence is its essence.
- Statement (1) calls it 'dependent', which is wrong.
- Statements (2), (3) and (4) correctly describe the purpose (opinion on truth and fairness), the scope (all entities) and the reporting (audit report to shareholders).

Step 3: Final Answer:

The correct option is (A) Financial Auditing is a systematic and dependent examination by qualified persons.

Quick Tip: Logic Tip: Independence is the backbone of auditing profession.



54. Appointment of First Auditor in case of Government Company shall be made by CAG within:

- (A) 15 days of registration
- (B) 30 days of registration
- (C) 45 days of registration
- (D) 60 days of registration

Correct Answer: (D) 60 days of registration

Solution:

Step 1:

For Government Companies, the first auditor is appointed by the Comptroller and Auditor General (CAG) of India.

Step 2:

As per Companies Act, 2013:

CAG must appoint the first auditor within 60 days of registration

Step 3:

If CAG fails to appoint within 60 days, Board of Directors shall

appoint auditor within next 30 days.

Step 4:

Hence, the correct answer is:

(4) 60 days of registration

Quick Tip: Logic Tip: In Government Companies, first auditor appointment authority is CAG, not shareholders.



55. The Statutory Central Auditors are required to submit the Long Form Audit Report (LFAR) to the banks latest by:

- (A) 31st March every year
- (B) 30th June every year
- (C) 30th September every year
- (D) 31st December every year

Correct Answer: (B) 30th June every year

Solution:

Step 1:

LFAR stands for:

Long Form Audit Report

It is an important reporting requirement for bank audits.

Step 2:

LFAR provides detailed observations regarding:

- Internal control systems
- Advances
- Investments
- Operational efficiency

Step 3:

Statutory Central Auditors are required to submit LFAR by:

30th June every year

Step 4:

Therefore, the correct answer is:

(2) 30th June every year

Quick Tip: Logic Tip: LFAR is a supplementary detailed report submitted along with bank audit reporting.

56. According to Section 44AB of Income Tax Act, Tax Audit is compulsory for a person carrying on a profession, if his gross receipts in profession for Assessment Year 2025-26 exceeds:

- (A) ₹30 lakh
- (B) ₹35 lakh
- (C) ₹45 lakh
- (D) ₹50 lakh

Correct Answer: (D) ₹50 lakh

Solution:

Step 1:

Tax audit ensures correctness of books of accounts and compliance with tax laws.

Step 2:

For professionals, tax audit becomes compulsory when gross receipts exceed prescribed limit.

Step 3:

For Assessment Year 2025-26, the limit is:

₹ 50,00,000

Step 4:

Hence, the correct answer is:

(4) ₹50 lakh

Quick Tip: Logic Tip: Tax audit limits differ for business and profession under Section 44AB.

57. Which of the following year is known as 'year of great divide' with reference to population of India?

- (A) 1911
- (B) 1921
- (C) 1931
- (D) 1981

Correct Answer: (B) 1921

Solution:

Step 1:

The year of great divide refers to an important turning point in India's population growth history.

Step 2:

Before 1921, India's population growth was irregular due to:

- Famines
- Epidemics
- High mortality rate

Step 3:

After 1921, population started increasing continuously due to improved health and living conditions. Thus, 1921 became the dividing point.

Step 4:

Hence, the correct answer is:

(2) 1921

Quick Tip: Logic Tip: 1921 is called the demographic divide because India's population began steady growth after this year.

58. Assertion (A):

Advertising is paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor.

Reason (R):

Any communication about an organisation, its products or policies through the media that is not paid for by the organisation will not be considered as advertising.

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

Correct Answer: (A) Both (A) and (R) are correct and (R) is the correct explanation of (A)

Solution:

Step 1:

Advertising is a paid form of non-personal communication used to promote ideas, goods, or services.

Step 2:

A key feature of advertising is that the sponsor pays for media space or time.

Step 3:

- Assertion correctly defines advertising
- Reason correctly states that unpaid communication is not

considered advertising The reason properly explains the assertion.

Step 4:

Hence, the correct answer is:

(1)

Quick Tip: Logic Tip: Advertising must be paid and sponsored communication through media.

59. Arrange the following steps of consumer buying decision process in correct sequence:

- A. Information Search
- B. Purchase Decision
- C. Evaluation of Alternatives
- D. Problem Recognition
- E. Post-Purchase Behaviour

- (A) A, C, D, B, E
- (B) D, A, C, B, E
- (C) A, B, D, C, E
- (D) C, D, A, E, B

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

Solution:

Step 1:

Consumer buying process begins when a consumer recognizes a problem or need.

D = First Step

Step 2:

After recognizing the need, consumer searches for relevant information.

A = Second Step

Step 3:

Consumer compares different available alternatives.

C = Third Step

Step 4:

Finally:

- Consumer makes purchase decision
 - Experiences post-purchase satisfaction or dissatisfaction
- Correct sequence:

D, A, C, B, E

Hence, the correct answer is:

(2) *D, A, C, B, E*

Quick Tip: Logic Tip: Buying starts with recognizing a need and ends with post-purchase evaluation.

60. Which of the following are the external micro environmental factors of a company? A. Suppliers

B. Competitors

C. Demographic

D. Public

E. Customers

(A) A, B, C and D only

(B) A, B, C and E only

(C) A, B, D and E only

(D) A, B, C, D and E

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

Solution:

Step 1:

Micro environmental factors are forces close to the company affecting its ability to serve customers.

Step 2:

These include:

- Suppliers
- Competitors
- Customers
- Public

Step 3:

Demographic environment belongs to macro environment, not micro environment. Thus:

C = Incorrect

Step 4:

Correct factors are:

A, B, D, E

Hence, the correct answer is:

(3) A, B, D and E only

Quick Tip: Logic Tip: Suppliers, competitors, customers, and public directly affect company operations, so they belong to micro environment.

61. Match List - I with List - II:

Match List - I with List - II.

List - I	List - II
A. Brand Name (Product)	I. Dabur
B. Trade Name	II. "Zindagi ke sath bhi, zindagi ke baad bhi"
C. Brand equity	III. Dabur Honey
D. Slogan	IV. The effect brand name has on customer response to the product

Choose the correct answer from the options given below :

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

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

Solution:

Step 1: Understanding the Question:

- We must match each marketing term in List - I with its example or description in List - II.

Step 2: Detailed Explanation:

- A. Brand Name (Product) refers to the name of the specific product, e.g. Dabur Honey, so A matches III.
- B. Trade Name is the name of the company or business firm, e.g. Dabur, so B matches I.
- C. Brand equity is the effect the brand name has on customer response to the product, so C matches IV.
- D. Slogan is a catch phrase such as "Zindagi ke sath bhi, zindagi ke baad bhi", so D matches II.
- Correct matching: A-III, B-I, C-IV, D-II.

Step 3: Final Answer:

The correct option is (C) A-III, B-I, C-IV, D-II.

Quick Tip: Logic Tip: A brand name identifies the product (Dabur Honey), whereas the trade name identifies the company (Dabur).

62. Which of the following is NOT correct in respect of Phillips Curve?

- (A) It describes inverse relationship between inflation and unemployment
- (B) A.W. Phillips first put this theory in 1985
- (C) Phillips observed that price stability has trade off against unemployment
- (D) If unemployment decreases, inflation increases and vice versa

Correct Answer: (B) A.W. Phillips first put this theory in 1985

Solution:

Step 1:

Phillips Curve shows an inverse relationship between inflation and unemployment.

Step 2:

The theory was proposed by:

A.W. Phillips in 1958

not in 1985.

Step 3:

- Inflation and unemployment move inversely
- Lower unemployment generally leads to higher inflation Thus, other statements are correct.

Step 4:

Hence, the incorrect statement is:

(2)

Quick Tip: Logic Tip: Phillips Curve explains the trade-off between inflation and unemployment.

63. Assertion (A):

As per Psychological law of consumption, when aggregate income increases, consumption expenditure also increases but by a somewhat smaller amount.

Reason (R):

As income increases, more and more of our wants get satisfied and lesser amounts are spent out of subsequent increases in income.

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

Correct Answer: (A) Both (A) and (R) are correct and (R) is the correct explanation of (A)

Solution:

Step 1:

According to Keynes, consumption increases with increase in income, but not in the same proportion.

Step 2:

As income rises, many wants become satisfied and people tend to save a larger portion of additional income.

Step 3:

- Assertion is correct
- Reason is also correct
- Reason correctly explains the assertion

Step 4:

Hence, the correct answer is:

(1)

Quick Tip: Logic Tip: As income rises, saving rises faster than consumption.

64. Arrange the following steps involved in calculation of National Income by Income Method in proper sequence:

- A. Estimation of Net Factor Income from Abroad
- B. Classification of Factor Income
- C. Estimation of Domestic Income
- D. Identification and Classification of Producing Enterprises
- E. Estimation of National Income

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

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

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

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

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

Solution:

Step 1:

The first step is identifying and classifying all producing enterprises.

D = First Step

Step 2:

Different factor incomes like wages, rent, interest, and profit are classified.

B = Second Step

Step 3:

After classification, domestic income is estimated.

C = Third Step

Step 4:

Net Factor Income from Abroad is added to domestic income to estimate national income. Correct sequence:

D, B, C, A, E

Hence, the correct answer is:

(4) D, B, C, A, E

Quick Tip: Logic Tip: National Income = Domestic Income + Net Factor



65. Which of the following are the assumptions of Say's Law of Market? A.

The size of market is not capable of expansion

B. Perfect competition prevails in factor and product market

C. There is optimum allocation of resources

D. Labour and capital cannot be raised based on price mechanism

E. All savings are automatically invested

(A) A, B, C and D only

(B) B, C, D and E only

(C) B, C and E only

(D) C, D and E only

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

Solution:

Step 1:

Say's Law states:

Supply creates its own demand

Step 2:

Assumptions include:

- Perfect competition
- Optimum allocation of resources
- Savings are automatically invested

Step 3:

- Market size can expand $\Rightarrow$ A is incorrect
- Labour and capital can adjust through price mechanism $\Rightarrow$ D is incorrect

Step 4:

Correct assumptions are:

B, C, E

Hence, the correct answer is:

(3) B, C and E only

Quick Tip: Logic Tip: Say's Law assumes flexible prices and automatic adjustment of savings into investment.

66. Ricardo explained the law of comparative advantage on the basis of:

- (A) Opportunity Cost
- (B) Law of Diminishing Returns
- (C) Labour Theory of Value
- (D) Economies of Scale

Correct Answer: (C) Labour Theory of Value

Solution:

Step 1:

David Ricardo explained international trade through comparative advantage.

Step 2:

Ricardo used the:

Labour Theory of Value

to explain differences in production costs.

Step 3:

Opportunity cost approach was later developed by Haberler, not Ricardo.

Step 4:

Hence, the correct answer is:

(3) Labour Theory of Value

Quick Tip: Logic Tip: Ricardo used labour cost differences, while Haberler later explained comparative advantage through opportunity cost.

67. Match List - I with List - II.

List - I

- A. A fire in factory delaying production for three weeks
- B. An era of prosperity
- C. A need for increased wheat production due to constant increase in population
- D. The increase in day temperature from winter to summer

List - II

- I. Seasonal Variation
- II. Secular Trend
- III. Cyclical Variation
- IV. Irregular Variation

Choose the **correct** answer from the options given below :

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

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

Solution:

Step 1: Understanding the Question:

- A time series is affected by four components: secular trend, seasonal variation, cyclical variation and irregular variation. We match each situation with its component.

Step 2: Detailed Explanation:

- A. A factory fire that delays production for three weeks is a sudden, unpredictable event, so it is an **Irregular Variation** (IV).
- B. An era of prosperity is part of the up and down swings of the business cycle that last several years, so it is a **Cyclical Variation** (III).
- C. A constant increase in population gives a long-term upward movement in the need for wheat, so it is a **Secular Trend** (II).
- D. The rise in temperature from winter to summer repeats every year, so it is a **Seasonal Variation** (I).
- So the matching is A-IV, B-III, C-II, D-I.

Step 3: Final Answer:

The correct option is (B) A-IV, B-III, C-II, D-I.

Quick Tip: Irregular = sudden and unpredictable, cyclical = multi-year swings, secular = long-term trend, seasonal = repeats within a year.

68. Which of the following is incorrect in relation to appropriation of credit, in case of multiple debts, as per famous Clayton's rule ?

- (A) To discharge of the particular debt as per the instruction of the debtor
- (B) If debtor does not intimate or the circumstance do not indicate, as per the discretion of the creditor
- (C) When neither party indicates, to discharge of debt in order of time
- (D) First to discharge of principal and then interest in chronological order

Correct Answer: (D) First to discharge of principal and then interest in chronological order

Solution:

Step 1: Understanding the Question:

- Clayton's rule (*Devaynes v. Noble*, 1816) deals with how a payment is applied when a debtor owes several debts to the same creditor. We must find the statement that is not part of the rule.

Step 2: Detailed Explanation:

- First, the payment is applied to the debt that the debtor names (Option A is correct).
- Second, if the debtor gives no instruction, the creditor may apply it to any debt that is due (Option B is correct).
- Third, if neither party gives any direction, the payment is applied to the debts in the order in which they were incurred, the earliest debt first (Option C is correct).
- Option D says that the principal is discharged first and the interest

after it. This is not a part of Clayton's rule; where interest is due, payment is applied first to the interest and then to the principal. So Option D is incorrect.

Step 3: Final Answer:

The incorrect statement is Option (D).

Quick Tip: Order under Clayton's rule: debtor's direction, then creditor's choice, then the earliest debt first.

69. Which of the following types of crossing is not recognized by the Negotiable Instrument Act, 1881 ?

- (A) Not Negotiable Crossing
- (B) Triple Crossing
- (C) Special Crossing
- (D) General Crossing

Correct Answer: (B) Triple Crossing

Solution:

Step 1: Understanding the Question:

- The Negotiable Instruments Act, 1881 recognises only some kinds of crossing of a cheque. We must find the one it does not recognise.

Step 2: Detailed Explanation:

- General crossing is recognised (Section 123).

- Special crossing is recognised (Section 124).
- Not negotiable crossing is recognised (Section 130).
- There is no such thing as a triple crossing in the Act. A cheque cannot be crossed to more than one banker except to an agent for collection, so **Triple Crossing** is not recognised.

Step 3: Final Answer:

The correct option is (B) Triple Crossing.

Quick Tip: The Act recognises general, special and not-negotiable crossing only.



70. The main agency for implementing Rural Infrastructure Development Fund is :

- (A) SIDBI
- (B) EXIM Bank
- (C) IFCI
- (D) NABARD

Correct Answer: (D) NABARD

Solution:

Step 1: Understanding the Question:

- The Rural Infrastructure Development Fund (RIDF) was set up to

finance rural infrastructure projects of state governments.

Step 2: Detailed Explanation:

- RIDF was created in 1995-96 and is managed by NABARD, the apex bank for agriculture and rural development.
- SIDBI looks after small industries, EXIM Bank looks after foreign trade finance and IFCI is an industrial finance institution, so none of them implements RIDF.

Step 3: Final Answer:

The correct option is (D) NABARD.

Quick Tip: RIDF is operated by NABARD.

71. Arrange the following Financial Institutions in order of their establishment in chronological order :

- A. ICICI
- B. NABARD
- C. IFCI
- D. IDBI

Choose the **correct** answer from the options given below :

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

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

Solution:

Step 1: Understanding the Question:

- We arrange the four development finance institutions by the year in which they were set up.

Step 2: Detailed Explanation:

- IFCI (Industrial Finance Corporation of India): 1948.
- ICICI: 1955.
- IDBI: 1964.
- NABARD: 1982.
- So the order from the oldest is IFCI, ICICI, IDBI, NABARD, i.e. C, A, D, B.

Step 3: Final Answer:

The correct option is (D) C, A, D, B.

Quick Tip: IFCI 1948, ICICI 1955, IDBI 1964, NABARD 1982.

72. In the final simplex tableau, a zero $C_j - Z_j$ entry for a nonbasic variable indicates that the problem has :

- (A) Unique Solution
- (B) Multiple Optimal Solutions
- (C) Unbounded Solutions
- (D) Infeasible Solution

Correct Answer: (B) Multiple Optimal Solutions

Solution:

Step 1: Understanding the Question:

- In the simplex method, the $C_j - Z_j$ row shows how much the objective function would change if one unit of a nonbasic variable entered the solution.

Step 2: Detailed Explanation:

- At the optimal tableau, a nonbasic variable with a non-zero $C_j - Z_j$ changes the objective value if it enters, so the optimum is unique.
- If a nonbasic variable has $C_j - Z_j$ equal to zero, bringing it into the basis gives another corner point with the same objective value. This means there is an alternative optimal solution.
- Unboundedness and infeasibility are found by other signs (no positive ratio, or artificial variables remaining in the basis), not by a zero $C_j - Z_j$.

Step 3: Final Answer:

The correct option is (B) Multiple Optimal Solutions.

Quick Tip: Zero $C_j - Z_j$ for a nonbasic variable in the optimal tableau means an alternative optimum exists.



73. If $Z = 2x^2y^2 + 3xy^2 + y^3$. The partial derivative of Z with respect to x is :

- (A) $4xy^2 + 3y^2$
- (B) $4x^2y + 6xy + 3y^2$
- (C) $4y^2$
- (D) $4x^2 + 6x + 6y$

Correct Answer: (A) $4xy^2 + 3y^2$

Solution:

Step 1: Understanding the Question:

- For the partial derivative with respect to x we treat y as a constant.

Step 2: Detailed Explanation:

- $\frac{\partial}{\partial x}(2x^2y^2) = 4xy^2$
- $\frac{\partial}{\partial x}(3xy^2) = 3y^2$
- $\frac{\partial}{\partial x}(y^3) = 0$
- Adding, $\frac{\partial Z}{\partial x} = 4xy^2 + 3y^2$.

Step 3: Final Answer:

The correct option is (A) $4xy^2 + 3y^2$.

Quick Tip: Treat y as a constant and differentiate each term with respect to x .



74. Given below are two statements : one is labelled as **Assertion (A)** and the other is labelled as **Reason (R)**.

Assertion (A) : In Leontief's Open Input-Output Model, some of the production is consumed by those who produce it and rest of the production is consumed by external bodies such as households, Government and so on.

Reason (R) : The objective in the Leontief's Open Input-Output Model is to find the relative income of each participant in the system.

In the light of the above statements, choose the **most appropriate answer** from the options given below :

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

Correct Answer: (C) (A) is correct but (R) is not correct

Solution:

Step 1: Understanding the Question:

- We judge the Assertion and the Reason about Leontief's open input-output model separately.

Step 2: Detailed Explanation:

- **Assertion (A):** In the open model, part of each industry's output is used up by the industries themselves (the internal demand) and the rest goes to the external demand of households, government and so on. So (A) is correct.
- **Reason (R):** The aim of the open model is to find the total output each industry must produce to meet a given external (final) demand. It is not to find the relative income of each participant. So (R) is not correct.
- Hence (A) is correct but (R) is not correct.

Step 3: Final Answer:

The correct option is (C).

Quick Tip: The open Leontief model finds the output each sector must produce to satisfy the final demand.



75. Given below are two statements : one is labelled as **Assertion (A)** and the other is labelled as **Reason (R)**.

Assertion (A) : Maximax Principle is the most optimistic non-probabilistic criterion for decision making under risk or uncertainty

Reason (R) : In Maximax Principle, the decision maker selects the maximum pay off associated with each course of action and then selects the one with highest value.

In the light of the above statements, choose the **most appropriate answer** from the options given below :

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

Correct Answer: (A) Both (A) and (R) are correct and (R) is the correct explanation of (A)

Solution:

Step 1: Understanding the Question:

- We judge the Assertion and the Reason about the Maximax criterion and then see whether the Reason explains the Assertion.

Step 2: Detailed Explanation:

- **Assertion (A):** The Maximax criterion is the criterion of an

optimist, who expects the best outcome. It uses no probabilities. So (A) is correct.

- **Reason (R):** Under Maximax the decision maker finds the maximum payoff for each course of action and then picks the action with the highest of these maximum payoffs. This is how the criterion works, so (R) is correct.

- The procedure in (R) is exactly why the criterion is called optimistic, so (R) explains (A).

Step 3: Final Answer:

The correct option is (A).

Quick Tip: Maximax = maximum of the maximum payoffs, the optimist's rule.