

QUESTION BANK

- Q1.** Consider the following table showing columns for the nature of economic occupation and the corresponding characterisation of income. And, then, choose the right solution option from the alternatives given below the table.

Economic Occupation	Income characterization
i. Employment	a. profit
ii. Profession	b. Wages & Salaries
iii. Business	c. Interest
iv. Land/Property Rental	d. Rent
v. Lending	e. Fees

- (a) i-a; ii-b; iii-c; iv-d; v-e
 (b) i-b; ii-c; ii-d; iv-e; v-a
 (c) i-b; ii-e; iii-a; iv-d; v-c
 (d) i-c; ii-b; iii-e; iv-a; v-b

[SM]

- Q2.** Which of the following statements distinguishes business from entrepreneurship?
 (a) Entrepreneurs are the business owners too
 (b) All business owners are entrepreneurs too
 (c) Entrepreneurs seek out new opportunities and pursue innovative business ideas
 (d) (a) and (b)

[SM]

- Q3.** Which of the following statements does not comprise business activity?
 (a) Sale of old furniture by a household for a profit
 (b) A carpenter made furniture for its domestic use
 (c) Steel furniture industry
 (d) Domestic appliances industry

[SM]

- Q4.** Which of the following is not an economic objective of the firm?
 (a) Sales growth
 (b) Improvement in market share
 (c) Profits and return on investment
 (d) Conservation of natural resources

[SM]

- Q5.** Trading implies buying for the purposes of selling. Applying this criterion, tell which of the following activities would not qualify as trading?
 (a) Purchase of goods in bulk quantity from the manufacturer and sale in smaller quantities to the retailers
 (b) Buying from the wholesaler and selling it to the consumers
 (c) Buying from the retailer for self-consumption

(d) Purchase of raw materials from the suppliers for further processing in the factory
[SM]

Q6. Which of the following occupations requires rendering of services based upon specialised knowledge and membership of an accreditation and assessment body?

- (a) Employment
- ~~(b) Profession~~
- (c) Business
- (d) Agriculture

[SM]

Q7. The occupation in which people work for others and get remunerated in return is known as:

- (a) Business
- ~~(b) Employment~~
- (c) Profession
- (d) None of these

[SM]

Q8. Which of the following statements describes the best Joint Hindu/Hindu Undivided Family (HUF) Business?

- (a) It is a form of business particular to and recognized as such in India
- (b) Every family business is in fact a HUF Business
- (c) In HUF businesses, there is a family involvement in business
- ~~(d) Either (a) or (c)~~

[SM]

Q9. Sustainable development/ businesses imply:

- (a) Consistent economic performance
- (b) Attention to social problems
- (c) Harmony with nature
- ~~(d) All of the above~~

[SM]

Q10. Which of the following statements characterises the best non-economic activities?

- (a) Non-economic activities do not require any investment of resources
- (b) These activities do not entail any operational costs
- (c) These activities are undertaken by ascetics
- ~~(d) The underlying purpose of these activities is not earning of a livelihood but social, psychological or spiritual satisfaction~~

[SM]

Q11. The Indian companies Act provides for the registration of:

- (a) Private Limited and Public Company
- (b) One Person Company and Small Company
- (c) Defunct Company
- ~~(d) All of the above~~

[SM]

Doing operations but not filling returns of (MCA)

Roc → Register of Co. → going to cut the Co. Name

Find the odd one out from the following from 12 to 14.

Q12. A partnership may be formed to carry on:
(a) Any trade
(b) Occupation
(c) Profession
(d) Social enterprise [SM]

Q13. There can be partnership between:
(a) Natural persons
(b) Artificial persons
(c) Partnership firms [SM]
(d) Any combination of natural and artificial persons

Q14. HUF can comprise members of a:
(a) Hindu & Sikh family
(b) Parsi family
(c) Buddhist family
(d) Muslim family [SM]

State whether the following statements are "True" or "False"

Q15. A shareholder cannot be personally held liable for the acts of the company even if he holds virtually the entire share capital. T True/False [SM]

Q16. The feature of limited liability for business's owings is a principal advantage of the corporate form of organisation. T True/False [SM]

Q17. The maximum number of members of a private company is limited to 50. F True/False [SM]

Q18. A public company is exempted from constituting certain mandatory committees of the board of directors. f True/False [SM]

Q19. A HUF is a body corporate. f True/False [SM]

Q20. This is an In-basket enterprise. Put the serial numbers of the activities given below into the baskets labelled as economic and noneconomic activities.

- (a) Cooking of food by the homemaker
- (b) Dabbawalla picks up the food from home and delivers it to the office
- (c) Playing of piano as a hobby
- (d) Pianist in a band
- (e) Music Composer
- (f) Elder sibling assisting the younger one in studies

- ~~(g) Giving private tuitions~~
- ~~(h) Shopping~~
- ~~(i) Cycle repair shop~~
- ~~(j) Ice-cream vendor~~
- (k) Exercising in the park
- ~~(l) Fitness training~~
- (m) Volunteering in an old age home
- ~~(n) Employment in a charitable organisation~~
- ~~(o) Laundry shop~~

[SM]

Q21. An economic activity consisting of production, buying and selling of products and Services is-

- ~~(a) Business~~
- (b) Profession
- (c) Vocation
- (d) Occupation

Q22. Commercial Awareness involves know

- (a) how Businesses make money
- (b) What customers want
- (c) What problems are there in particular areas of business
- ~~(d) All of the above~~

Q23.

The three most valuable attributes to be successful in business –

- | | |
|------------------------------|-----------------------------|
| (i) Can-Do Attitude ✓ | (ii) Resistance to change ✗ |
| (iii) Commercial Awareness ✓ | (iv) Traditional approach ✗ |
| (v) Contentment ✗ | (vi) Technical Skills ✓ |
- (a) (i), (ii) and (iii)
 - ~~(b) (i), (iii) and (vi)~~
 - (c) (v) and (vi)
 - (d) (iv), (v) and (vi)

To be satisfied

Q24. Which of the following is Business activity?

- (a) Manufacturing of goods
- (b) Trading of goods
- (c) Provision of services
- ~~(d) All of the above~~

Q25. Stock Market players who raise the stock prices through building a buy pressure are called

- ~~(a) Bulls~~
- (b) Bears
- (c) Cash cows
- (d) None

- Q26. Stock Market Players that have pessimistic expectation –
(a) Bulls
 (b) Bears
(c) Cash cows
(d) None
- Q27. BCK helps CAs in –
(a) Becoming more aware and responsible
(b) Conducting audit diligently
(c) Handling business issues and providing solutions
 (d) All of the above
- Q28. The level of Business and Commercial Knowledge/Commercial Awareness may be referred to as
(a) BCK Percentage
(b) BCK Share
 (c) BCK Quotient
(d) Degree of BCK
- Q29. Which of these is true about updating the level of BCK?
(i) Non-Commerce Background is a negative for improving BCK.
(ii) Only Business Newspaper helps in updating BCK
(iii) Even a TV commercial can impart knowledge
(iv) Reflective Thinking on various observations and updates is a must.
(a) (i) and (ii)
(b) (ii) and (iii)
 (c) (iii) and (iv)
(d) All the above
- Q30. Which is not true about an economic activity?
(a) Measured in terms of money
(b) Pragmatic approach → *Practical approach*
 (c) Driven by emotions and sentiments
(d) Adds value to National Income
- Q31. Activity performed without any regard to monetary gain is-
(a) Economic Activity
(b) Commercial Activity
 (c) Non-Economic Activity
(d) None of the above
- Q32. An Example of Non-Economic Activity
(a) Running a profitable business enterprise

- (b) Employment in a company
 - (c) Practicing as a Doctor
 - (d) Manufacturing goods for charitable purpose
- Q33.** Production represents the ___ side of economics
- (a) Demand
 - (b) Supply
 - (c) Income
 - (d) Investment
- Q34.** Productive activity means production of goods-
- (a) For self
 - (b) For family
 - (c) For market
 - (d) All the above
- Q35.** Income - Spending =
- (a) Savings
 - (b) Investment
 - (c) Wealth
 - (d) Revenue
- Q36.** Transfer of Interest exists in-
- (a) Business
 - (b) Profession
 - (c) Employment
 - (d) None
- Q37.** Economic activities may be classified into Business, _____ and Employment
- (a) Profession
 - (b) Occupation
 - (c) Vocation
 - (d) Work
- Q38.** What is the psychological motive of employment
- (a) Service to society
 - (b) Earning livelihood
 - (c) Earning profits
 - (d) Displaying skills
- Q39.** Which of the following is not an advantage of single ownership?
- (a) Risk sharing
 - (b) Business growth
 - (c) Pooling of capital

- (d) ~~All the above~~
- Q40.** Which of the following is an advantage of joint ownership?
(a) Quick decisions
(b) ~~Pooling of Capital~~
(c) Personal Interest
(d) All the above
- Q41.** Personal interest in business is more in
(a) HUF
(b) Partnership
(c) ~~Sole Proprietorship~~
(d) LLP
- Q42.** Non-Corporate Entity includes-
(a) ~~Sole Proprietorship, HUF and Partnership~~
(b) HUF, Trust and LLP
(c) Partnership LLP and Private companies
(d) Sole Proprietorship, LLP and Partnership
- Q43.** ____ is a type of enterprise that is owned and run by one natural person and in which there is no legal distinction between the Owner and the Business Entity.
(a) ~~Sole Proprietorship~~
(b) Company
(c) One Person Company
(d) LLP
- Q44.** Demerits of a Sole Proprietorship-
(a) Unlimited liability
(b) Uncertain business life
(c) Limited scope for expansion
(d) ~~All of the above~~
- Q45.** HUF consists of-
(a) ~~all persons lineally descended from a common ancestor, including Wives and Unmarried Daughters~~
(b) all persons lineally descended from a common ancestor, not including Wives and Unmarried Daughters
(c) all male members lineally descended from a common ancestor
(d) None of the above
- Q46.** ____ successive generations of an Undivided Family are known as HUF.
(a) 2
(b) ~~3~~

- (c) 4
- (d) 5

Q47.

Which of the following is not true about HUF?

- (a) There is uncertainty as to the fate of the HUF Entity as a Going Concern
- (b) Ownership in Family Business arises by birth or agreement
- (c) A HUF enjoys a Separate Entity Status under the Income Tax Act, 1961
- (d) HUF includes Jain or Sikh or Buddhist or Parsi Families

ANSWERS

1	2	3	4	5	6	7	8	9	10
c	c	b	d	c	b	b	d	d	d
11	12	13	14	15	16	17	18	19	
d	d	c	d	T	T	F	F	F	
Economic Activities					Non - Economic Activities				
b, d, e, g, h, i, j, l, n, o					a, c, f, k, m				
21	22	23	24	25	26	27	28	29	30
a	d	b	d	a	b	d	c	c	c
31	32	33	34	35	36	37	38	39	40
c	d	b	d	a	a	a	b	d	b
41	42	43	44	45	46	47			
c	a	a	d	a	b	b			

PARAS

