

Excel Educational Institute

CA-FOUNDATION

Business and Commercial Knowledge MCQ's

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CHAPTER 1

INTRODUCTION TO BUSINESS AND BCK

MULTIPLE CHOICE QUESTIONS

1. Which of the following is a form of business organisation ?

- (a) Temple
- (b) Church
- (c) Partnership
- (d) Mosque

Ans: (c)

2. Following is not a characteristic of business organisation:

- (a) Discontinuity of operations
- (b) Distinct ownership
- (c) Lawful business
- (d) Risk involvement

Ans: (a)

3. _____ is a form of business that is owned, managed and controlled by an individual .

- (a) Partnership
- (b) Company
- (c) HUF
- (d) Sole Proprietorship

Ans: (d)

4. Individual owning and running the business is known as:-

- (a) Single owner
- (b) Sole Trader
- (c) Single Trader
- (d) Businessman.

Ans: (b)

5. Which is the oldest business form?

- (a) Partnership
- (b) HUF
- (c) Sole Proprietorship
- (d) Co-operative Society

Ans: (c)

6. Which of the following would give unlimited liability?

- (a) Co-operative Society
- (b) Company
- (c) Sole Proprietorship
- (d) Shareholders.

Ans: (c)

7. Which of the following is an advantage of sole proprietorship ?
- (a) Easy formation
 - (b) Maintenance of business secrecy
 - (c) Both (a) and (b)
 - (d) None of the above.

Ans: (c)

8. Which of the following has most stable existence?
- (a) Sole proprietorship
 - (b) Partnership
 - (c) Company
 - (d) HUF.

Ans: (c)

9. Which form of organisation is only found in India?
- (a) HUF
 - (b) Co-Operative Society
 - (c) Joint Stock Company
 - (d) Government Undertaking.

Ans: (a)

10. What is the maximum strength of HUF –
- (a) 10
 - (b) 20
 - (c) 100
 - (d) No limit.

Ans: (d)

11. The business affairs are managed by the head of the family, known
- (a) Co-parcener
 - (b) Owner
 - (c) Shareholder
 - (d) Karta

Ans: (d)

12. Only coparcener can become a karta, This statement is-
- (a) True
 - (b) False
 - (c) Partly
 - (d) Partly false.

Ans: (a)

13. Karta's liability is-
- (a) Limited
 - (b) Unlimited
 - (c) Limited by guarantee
 - (d) None of the above.

Ans: (b)

14. What is the maximum number of partners in any partnership firm?

- (a) 10
- (b) 20
- (c) 50
- (d) No limit.

Ans: (c)

15. Mutual agency is an important feature of-

- (a) HUF
- (b) Joint Stock Company
- (c) Partnership
- (d) Co-operative Society

Ans: (c)

16. Company have a perpetual succession and work under a common seal. This statement is –

- (a) True
- (b) False
- (c) Partly True
- (d) Partly False.

Ans: (a)

17. Company is managed by shareholders.

- (a) True
- (b) False
- (c) Sometimes
- (d) None of the above.

Ans: (b)

18. Statutory body that is created under an Act enacted by

- (a) Association of people
- (b) Association of ministers
- (c) Both (a) and (b)
- (d) Judiciary.

Ans: (b)

19. In which of the following, the ownership of venture is reflected by ownership of shares or stock?

- (a) HUF
- (b) Partnership
- (c) Corporations
- (d) Trusts.

Ans: (c)

20. LLP Act, 2008 came into effect on –

- (a) 31/4/2009
- (b) 31/3/2008
- (c) 31/3/2009
- (d) 31/4/2008

Ans: (c)

21. For having direct control over the business activities, which form is preferred –
- (a) Partnership
 - (b) Sole proprietorship
 - (c) HUF
 - (d) Company.

Ans: (b)

22. Which is not a characteristic of sole proprietorship ?
- (a) No sharing of profit and loss
 - (b) One-man's capital
 - (c) Less legal formalities
 - (d) Association persons.

Ans: (d)

23. What are the characteristics of HUF?
- (a) Governed by Hindu Law
 - (b) Continuity
 - (c) Fluctuating share of each member
 - (d) All of these.

Ans: (d)

24. Which is not an advantage of Joint Hindu Family business.
- (a) Limited resources
 - (b) Continued existence
 - (c) Freedom in managing
 - (d) Assured share in profit.

Ans: (a)

25. The companies are governed by which Act?
- (a) Indian Contract Act, 1872
 - (b) Partnership Act, 1932
 - (c) Indian Companies Act, 2013
 - (d) None of these

Ans: (c)

26. What are the advantages of company?
- (a) Great stability
 - (b) Limited liability
 - (c) Both (a) and (b)
 - (d) None of these.

Ans: (c)

27. LLP, this forms of organisation has been introduced in India by way of ?
- (a) LLP Act, 2009
 - (b) LLP Act, 2008
 - (c) LLP Act, 1932
 - (d) None of these.

Ans: (b)

28. Direct motivation, maintenance of business secrets, close personal relations etc are the advantages of
- (a) Partnership
 - (b) Limited liability partnership
 - (c) HUF
 - (d) Sole Proprietorship

Ans: (d)

29. The profit share of coparceners in a HUF
- (a) Depends on the Capital Contributed
 - (b) Depends on the decision of Karta
 - (c) Is equal
 - (d) None of the above

Ans: (c)

30. In case of death of a Co-parceners
- (a) The wife of the deceased Co-parcener can demand partition
 - (b) Wife can become the co-parcener
 - (c) The wife can claim share of profit
 - (d) All of the above

Ans: (c)

31. Which of the following statement is true in respect of a HUF?
- (a) The liability of co-parceners is limited
 - (b) The liability of Karta is unlimited
 - (c) Both (a) and (b)
 - (d) Neither (a) nor (b)

Ans: (c)

32. Which of the following statements is true
- (a) The creditors can claim the entire debt from any of the partner
 - (b) The partners can share profits in any ratio as agreed
 - (c) Both (a) and (b)
 - (d) Neither (a) nor (b)

Ans: (c)

33. Registration of partnership is not compulsory but beneficial.
- (a) True
 - (b) Partly True
 - (c) False
 - (d) Partly False

Ans: (a)

34. In case of death of a partner
- (a) The partnership dissolves
 - (b) The partnership firm dissolves
 - (c) Both (a) and (b)
 - (d) Neither (a) nor (b)

Ans: (a)

35. Greater Permanency, limited liability, ease of transfer of ownership are the advantages of
- (a) HUF
 - (b) LLP
 - (c) Sole Proprietorship
 - (d) Company

Ans: (d)

36. Lack of secrecy, promotion of frauds, separation of ownership from management are the disadvantages
- (a) Partnership
 - (b) LLP
 - (c) Company
 - (d) All of the above

Ans: (c)

37. The maximum number of partners in a LLP are
- (a) No limit
 - (b) 50
 - (c) 100
 - (d) 20

Ans: (a)

38. An economic activity consisting of production, buying and selling of production, buying and selling of products and Services is –
- (a) Business
 - (b) Profession
 - (c) Vocation
 - (d) Occupation

Ans: (a)

39. Commercial awareness involves knowledge of –
- (a) How Business make money
 - (b) What customers want
 - (c) What problem are there in particular areas of business
 - (d) All of the above

Ans: (d)

40. 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)

Ans: (c)

41. 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) (iii), (v) and (vi)
- (d) (vi), (v) and (vi)

Ans: (b)

42. Which of the following is a Business activity?

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

Ans: (d)

43. 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

Ans: (b)

44. Trade is broadly classified into –

- (a) Domestic and Foreign
- (b) Wholesale and Retail
- (c) Inter-state and Intra-state
- (d) None of the above

Ans: (a)

45. Stock Market Players who raise the stock prices through building a buy pressure are called

- (a) Bulls
- (b) Bears
- (c) Cash cows
- (d) None of the above

Ans: (a)

46. Which of the following is not an economic objective of the firm?

- (a) Sales growth
- (b) Improvement in market share
- (c) Profits and return in on investment
- (d) Conservation of natural resources

Ans: (d)

47. Stock Market Players that have pessimistic of the firm?

- (a) Bulls
- (b) Bears
- (c) Cash cows
- (d) None of the above

Ans: (b)

48. 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

Ans: (d)

49. 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

Ans: (c)

50. Which of these is true about updating the level of BCK?

- (i) Non-Commercial 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

Ans: (c)

51. Which is not true about an economic activity?

- (a) Measured in terms of money
- (b) Pragmatic approach
- (c) Driven by emotions and sentiments
- (d) Adds value to National Income

Ans: (c)

52. Activity performed without any regard to monetary gain is-

- (a) Economic Activity
- (b) Commercial Activity
- (c) Non-Economic Activity
- (d) None of the above

Ans: (c)

53. 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

Ans: (d)

54. Trading implies buying for the purpose 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 an smaller quantities to the retailers
 - (b) Buying from the wholesale 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

Ans: (c)

55. Production represents the_____ side of economics
- (a) Demand
 - (b) Supply
 - (c) Income
 - (d) Investment

Ans: (b)

56. Productive activity means production of goods –
- (a) For self
 - (b) For family
 - (c) For market
 - (d) All the above

Ans: (d)

57. 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

Ans: (b)

58. Income – Spending =
- (a) Savings
 - (b) Investment
 - (c) Wealth
 - (d) Revenue

Ans: (a)

59. Transfer of interest exists in –

- (a) Business
- (b) Profession
- (c) Employment
- (d) None of the above

Ans: (a)

60. 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

Ans: (b)

61. Economic activities may be classified into Business, _____ and Employment

- (a) Profession
- (b) Occupation
- (c) Vocation
- (d) Work

Ans: (a)

62. What is the psychological motive of employment

- (a) Service to society
- (b) Earning livelihood
- (c) Earning profits
- (d) Displaying skills

Ans: (b)

63. 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)

Ans: (d)

64. 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

Ans: (d)

65. Which of the following is an advantage of joint ownership?
- (a) Quick decisions
 - (b) Pooling of Capital
 - (c) Personal Interest
 - (d) All the above

Ans: (b)

66. Sustainable development/businesses imply:
- (a) Consistent economic performance
 - (b) Attention to social problems
 - (c) Harmony with nature
 - (d) All of the above

Ans: (d)

67. Personal interest in business is more in
- (a) HUF
 - (b) Partnership
 - (c) Sole Proprietorship
 - (d) LLP

Ans:

(c)

68. 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

Ans: (a)

69. 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.

Ans. (d)

70.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) Uncertain business life
 - (c) LLP
 - (d) One Person Company

Ans. (a)

71. Demerits of a Sole Proprietorship-

- (a) Unlimited liability
- (b) Uncertain business life
- (c) Limited scope for expansion
- (d) All the above

Ans. (d)

72. 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

Ans. (d)

73. 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, except Wives and Unmarried Daughters.
- (c) all male members lineally descended from a common ancestor
- (d) none of the above

Ans: (a)

74. _____ successive generations of an Undivided Family are known as HUF.

- (a) 2
- (b) 3
- (c) 4
- (d) 5

Ans: (b)

75. 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 of agreement
- (c) A HUF enjoys a Separate Entity Status under the Income Tax Act, 1961
- (d) HUF includes Jain or Sikh or Buddhist Families

Ans: (b)

Past Year Question and Answers

2012–DECEMBER

76. ___ is a feature of partnership form of business.

- (a) Separate legal entity from the firm
- (b) Limited scope for raising finance
- (c) The liability of a partner is limited to his contribution to capital
- (d) Registration of partnership is compulsory

Ans. (b)

77. _____ form of business is/are appropriate for retail business.

- (a) Sole proprietorship
- (b) Partnership
- (c) Company
- (d) Both (a) and (b)

Ans: (a)

78. Which one of the following does not have perpetual succession?

- (a) Company
- (b) Statutory Corporation
- (c) Sole Proprietorship
- (d) Co-operative Society

Ans: (c)

79. In a Hindu Undivided Family, liability of _ is unlimited.

- (a) Karta
- (b) Co-parceners
- (c) Both a and b
- (d) Neither a and b

Ans: (a)

80. In relation to business organisation structure, which one of the following is easy to form and wind up?

- (a) A company
- (b) A sole proprietorship
- (c) Statutory corporation
- (d) Public enterprises.

Ans: (b)

81. Which is not a feature of LLP?

- (a) Separate legal entity
- (b) All LLP have existence for fixed period.
- (c) Partners in an LLP are required to turn into an agreement
- (d) In an LLP, partners are not liable for the act of other partners.

Ans: (b)

82. Gas Authority of India Limited is an example of:

- (a) Limited liability partnership
- (b) Private limited company
- (c) Public enterprise
- (d) None of the above.

Ans: (c)

2013 – JUNE

83. Which one of the following is treated as a separate legal entity different from its members ?

- (a) Sole proprietorship
- (b) Hindu undivided family
- (c) Partnership
- (d) Limited liability partnership.

Ans: (d)

2013 – DECEMBER

84. the choice of an appropriate form of business organisation largely depends upon:

- I. Ease of formation
- II. Continuity and stability
- III. Liability aspects

Correct option is —

- (a) I and II
- (b) II and III
- (c) I and III
- (d) I, II and III.

Ans: (d)

85. Which form of business organisation has a separate legal entity?

- (a) Hindu Undivided Family (HUF)
- (b) Co-operative society
- (c) Partnership firm
- (d) Sole proprietorship.

Ans: (b)

2014 – JUNE

86. What is the liability of each partner under LLP?

- (a) Limited
- (b) Unlimited
- (c) Partially Limited
- (d) None of the above

Ans: (a)

87. Which of the following is not a form of organisation?

- (a) Partnership
- (b) Company
- (c) Partners
- (d) Sole Proprietorship

Ans: (c)

88. Who can be the head of Joint Hindu Family business?

- (a) Karta
- (b) Co-parcener
- (c) Manager
- (d) Director

Ans: (a)

89. Members of HUF are known as

- (a) Partners
- (b) Shareholders
- (c) Members
- (d) Co-parceners

Ans: (d)

90. Which amongst the following is a feature of LLP?

- (a) Separate legal entity
- (b) Unlimited liability
- (c) No perpetual succession
- (d) Not a body corporate

Ans: (a)

91. Head of HUF is known as -

- (a) Karta
- (b) Co-parceners
- (c) Manager
- (d) Head

Ans: (a)

92. In case of HUF what are liabilities of Co-parcener and Karta -

- (a) Both have unlimited liability.
- (b) Co-parcener's liability is limited while Karta's liability is unlimited.
- (c) Karta's liability is limited while Co-parcener's liability is unlimited.
- (d) Both have limited liability.

Ans: (b)

2014 – DECEMBER

93. To form a partnership, the minimum capital contribution should be: '

- (a) Rs. 1 Lakh
- (b) There is no minimum limit
- (c) Rs. 1 Crore
- (d) Rs. 5 Lakh.

Ans: (b)

94. The Karta in Joint Hindu Family business has:

- (a) Unlimited liability
- (b) Joint liability
- (c) Limited liability
- (d) No liability for debts.

Ans: (a)

2015 – JUNE

95. Which corporation has both characteristics i.e. of a partnership and of a separate legal entity?

- (a) Limited Liability Partnership (LLP)
- (b) Company
- (c) Partnership
- (d) Statutory Body.

Ans: (a)

96. What is Karta's liability in HUF?

- (a) Limited
- (b) Unlimited
- (c) Limited by guarantee
- (d) None of these

Ans: (b)

2016– DECEMBER

97. Liability of other Co-parceners are:

- (a) Limited upto the extent of share except Karta
- (b) Unlimited upto the extent of share except Karta
- (c) Unlimited
- (d) Limited

Ans: (a)

2016– JUNE

98. The liability of each member of the Hindu Undivided Family business is:

- (a) Limited to a sum as declared by him in general public
- (b) Unlimited
- (c) Limited to the extent of his share in the business except karta
- (d) Limited to the extent of his share in the business including that of karta.

Ans: (c)

99. The affairs of a company is overseen by:

- (a) Shareholders
- (b) Employees
- (c) Board of Directors
- (d) Dividends holders.

Ans: (c)

100. In case of Hindu Undivided Family, the individual share of each coparcener:

- (a) depends upon his efficiency
- (b) keeps changing on the death or birth of co-parcener
- (c) is fixed
- (d) keeps changing annually

Ans: (b)

101. The size and structure of business depend on many factors which (are):

- (a) In the control of enterprises
- (b) Arbitrary and random
- (c) Range from internal to external factors which are beyond the control of enterprises
- (d) Beyond the control of enterprises.

Ans: (a)

102. Limited Liability Partnership is constituted under .

- (a) The Companies Act, 2013
- (b) Limited Liability Partnership Act, 2008
- (c) Partnership Act, 1932
- (d) None is applicable.

Ans: (b)

2017 – JUNE

103. Sole proprietary business is suitable when market is:

- (a) Non Existent
- (b) National
- (c) Local
- (d) Global

Ans: (c)

104. Limited liability partnership is constituted under _____ .

- (a) Companies Act, 2013
- (b) Limited Liability Partnership Act, 2008
- (c) Partnership Act, 1932
- (d) None is applicable

Ans: (b)

2017 – MAY

105. CSR stands for:

- (a) Cash Security Ratio
- (b) Cash Supply Ratio
- (c) Corporate Social Responsibility
- (d) Consumer Satisfaction Ratio

Ans: (c)

106. LLP has:

- (a) Liability of Partners is Limited
- (b) In case of fraud, liability of partners becomes unlimited
- (c) It was incorporated under LLP Act, 2008
- (d) All of the above.

Ans: (d)

107. Which of the following is correct?

- (a) Max. no. of members is 50 in case of private limited company.
- (b) Freely transferable shares in case of private limited company
- (c) Max. no. of members – 200 in case of private limited company.
- (d) None of the above.

Ans: (c)

108. In HUF:

- (a) Liability of Karta is limited
- (b) No liability of Karta
- (c) Liability of Karta is unlimited
- (d) Liability of everyone is unlimited

Ans: (c)

2018– NOVEMBER

109. The logo of Institute of Chartered Accountants of India (ICAI) is suggestive of _____ .

- (a) Integrity
- (b) Vigilance
- (c) Professional
- (d) None of these

Ans: (b)

- 110.** Which is not a merit of LLP ?
(a) Designated partners have to do all compliance
(b) Separate Legal entity
(c) Both (a) & (b)
(d) None of the above.

Ans: (a)

- 111.** Income tax Act, HUF cannot earn which type of income
(a) Profit
(b) Salary
(c) House Property
(d) Other Sources.

Ans: (b)

- 112.** HUF _____ be formed by a group of people who do not constitute a family .
(a) Cannot
(b) Can
(c) Should not
(d) May

Ans: (a)

- 113.** Minimum no. of directors in a private company.
(a) 2
(b) 3
(c) 5
(d) 7

Ans: (a)

- 114.** Economic, Activities are driven cause of _____ ?
(a) Self-Interest
(b) Self-less motive
(c) Human welfare
(d) Self satisfaction

Ans: (a)

- 115.** Economic activities do not include
(a) Profit earning
(b) Emotional sentimental
(c) Self interest
(d) Livelihood motive

Ans: (b)

- 116.** The choice of an appropriate form of business organisation depends upon:
(i) Ease of formation
(ii) Liability of aspects
(iii) Capital adequacy
(a) Only I
(b) Only III
(c) I & II
(d) I, II & III

Ans: (d)

2019– MAY

117. The Companies Act, 2013 provides registration for

- (a) One person company
- (b) Small company
- (c) Defunct company
- (d) All of the above

Ans: (d)

118. Which of the following is not a feature of LLP ?

- (a) Every partner is agent of LLP
- (b) Legal entity separate from its partners
- (c) Registrar of firm is the administering authority
- (d) No limit on maximum no. of partners

Ans: (c)

119. Business as a Institution is

- (a) Job creator
- (b) Job seeker
- (c) Both
- (d) None of the above

Ans: (a)

120. Which of the following is part of HUF ?

- (a) Hindu Family
- (b) Sikh Family
- (c) Both (a) and (b)
- (d) None of the above

Ans: (c)

121. Which of the following statement is correct with respect to HUF

- (a) HUF earns income from salary
- (b) Four successive generation of an undivided family are called Co-partner
- (c) HUF enjoys a separate entity status under Income Tax Act, 1961
- (d) All of the above

Ans: (c)

122. The attribute of a profession does not include.

- (a) Certificate of service from government
- (b) Self imposed code of conduct
- (c) Rendering of specialised nature of service
- (d) All of the above

Ans: (a)

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123. What are features of BCK ?

- (a) Sustainability
- (b) Technical
- (c) Sociology
- (d) Economic

Ans: (a)

- 124.** There can be partnership between:
- (a) Natural person
 - (b) Partnership firm
 - (c) Artificial person
 - (d) Any combination of natural person and artificial person

Ans: (d)

- 125.** Which is not part of HUF ?

- (a) Muslim family
- (b) Sikh
- (c) Jain
- (d) Hindu

Ans: (a)

- 126.** Which of these is not a characteristics of LLP ?

- (a) LLP is administered by the registering state authority
- (b) Not involves mutual
- (c) Both (a) and (b)
- (d) None

Ans: (a)

- 127.** Which of the followings shares the relationship between the partners of LLP ?

- (a) Unlimited liability
- (b) Mutual agency between all partners
- (c) Partners are agency of firm only
- (d) None

Ans: (c)

- 128.** 'A partnership is generally not formed to carry on:

- (a) Any trade
- (b) Profession
- (c) Occupation
- (d) Social enterprise

Ans: (d)

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- 129.** Which of the following is not an economic activity ?

- (a) Hand owner compensate the tiller of land in form of food grain
- (b) Doctor consulting his own family
- (c) Online teaching
- (d) Consumption of food items

Ans: (b)

- 130.** According to income Tax Act, which of the following cannot be a source of income for HUF?

- (a) Income from salary
- (b) Income from house property
- (c) Income from business and profession
- (d) Income from other sources

Ans: (a)

131. What is popular psychological motive in case of profession as an economic occupation ?

- (a) Service to clients
- (b) Economic achievement
- (c) Source of livelihood
- (d) Membership of professional body

Ans: (a)

132. Limited liability partnership is:

- (a) Non mutual agency
- (b) Hybrid form of business organization
- (c) Social and environment concern
- (d) Public sector

Ans: (b)

133. Perpetual succession indicates _____ .

- (a) Registration of partnership firm is compulsory
- (b) Limited scope for using fund
- (c) Separate legal, separate from its members
- (d) Liability of the partners is limited to his contribution to capital

Ans: (c)

134. Which of the following is the recently introduced form of business organizations in India wide companies Act, 2013 ?

- (a) LLP
- (b) Sole Proprietorship
- (c) OPC
- (d) Private Limited Company

Ans: (c)

135. Which of the following is a Hybrid form of Business Organization ?

- (a) Company
- (b) HUF
- (c) LLP
- (d) Partnership

Ans: (c)

2021– JANUARY

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

- (a) Business
- (b) Employment
- (c) Profession
- (d) Industry

Ans: (b)

137. Which of the following statements characterizes 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

Ans: (d)

138. Maximum no. of members in LLP is :

- (a) 10
- (b) 15
- (c) 20
- (d) No Limit

Ans: (d)

139. HUF cannot comprise member of :

- (a) Jain
- (b) Hindu and Sikh family
- (c) Buddhist family
- (d) Muslim family

Ans: (d)

140. Maximum no. of members in banking firm is :

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

Ans: (a)

141. The liability of members of HUF business is:

- (a) Unlimited
- (b) Limited to a sum as declared by him in general public
- (c) Limited to the extent of his share in the business including that of Karta
- (d) Limited of the extent of his share in the business except Karta

Ans: (d)

142. Which is not a feature of LLP ?

- (a) Separate legal entity
- (b) Partners in an LLP are required to enter into an agreement
- (c) All LLP have existence for fixed period
- (d) In an LLP, Partners are not liable for the act of other partner

Ans: (c)

CHAPTER 2

BUSINESS ENVIRONMENT

MULTIPLE CHOICE QUESTIONS

1. Profit is the only objective of all business firms
- (a) True
 - (b) False
 - (c) Partly True
 - (d) Partly False

Ans: (b)

2. Modern business is
- (a) Constant
 - (b) Profitable
 - (c) Dynamic
 - (d) stable

Ans: (c)

3. Features of business environment does not include:
- (a) Uncertainty
 - (b) Relativity
 - (c) Static Nature
 - (d) Specific and General forces

Ans: (c)

4. tells the purpose of business existence.
- (a) Vision
 - (b) Mission
 - (c) Both (a) and (b)
 - (d) None of the above.

Ans: (b)

5. Types of Business Environment includes the following:
- (a) Internal
 - (b) External
 - (c) Both (a) and (b)
 - (d) None of the above

Ans: (c)

6. Internal business environment does not include:
- (a) Man
 - (b) Money
 - (c) Marketing Resources
 - (d) Government Policies.

Ans: (d)

7. Environment factors which are within the control of business are known as:
- (a) Micro factors
 - (b) Internal factors
 - (c) Macro factors
 - (d) External factors

Ans: (b)

8. is a type of external environment.

- (a) Operating
- (b) General
- (c) Remote
- (d) All of the above

Ans: (d)

9. Micro factors are the factors that are in company's immediate environment.

- (a) True
- (b) False
- (c) Partly True
- (d) None of the above

Ans: (a)

10. Micro environment factors can be described as Close to a business that have a direct impact on its strategy.

- (a) External factors
- (b) Internal factors
- (c) Both (a) and (b)
- (d) Competitive factors

Ans: (b)

11. Macro environment is also known as :

- (a) Task environment
- (b) Remote environment
- (c) Global environment
- (d) Operation environment

Ans: (b)

12. factors affects the economy as a whole and are not particular to any organisation.

- (a) Micro
- (b) Macro
- (c) Internal
- (d) None of the above

Ans: (b)

13. Change in technology, economic conditions, political and legal factors are factors.

- (a) Internal
- (b) External
- (c) Both (a) and (b)
- (d) None of the above

Ans: (b)

14. A Business has absolute control on the _____.

- (a) Internal Environment
- (b) External Environment
- (c) Both (a) & (b)
- (d) None of these.

Ans: (a)

15. Micro and Macro Environment is the part of _____.
- (a) Business Environment
 - (b) Internal Environment
 - (c) External Environment
 - (d) Both (b) & (c)

Ans: (c)

16. Micro Environment is also known as
- (a) Operating Environment
 - (b) Task Environment
 - (c) Both (a) and (b)
 - (d) Either (a) or (b)

Ans: (c)

17. GPD , Per capital income, foreign exchange are the examples of
- (a) Economic Policy
 - (b) Economic System
 - (c) Economic Conditions
 - (d) Both (a) and (b)

Ans: (c)

18. _____ means the flexibility and adaptability of law and other legal rule governing the business.
- (a) Political Environment
 - (b) Legal Environment
 - (c) Technological Environment
 - (d) Both (a) and (b)

Ans: (b)

19. Economic Policies are framed by
- (a) Private
 - (b) Business
 - (c) Government
 - (d) Semi government

Ans: (c)

20. Legislature, executive and the judiciary comes under the
- (a) Political Environment
 - (b) Physical Environment
 - (c) Legal Environment
 - (d) Both (a) and (c)

Ans: (a)

21. Which of the following is not covered by the organisation's Internal Environment
- (a) Human Resource
 - (b) R & D
 - (c) Media
 - (d) Management Structure

Ans: (c)

22. The forces which are external but still have a direct bearing on the operations of the firm are called.
- (a) Micro Environment
 - (b) Internal environment
 - (c) Macro Environment
 - (d) None of the above
- Ans: (a)**
23. Customers, shareholders, competitors etc. are the elements of
- (a) Micro Environment
 - (b) Internal environment
 - (c) Marco Environment
 - (d) None of the above
- Ans: (a)**
24. Technology, Culture, Demographics etc. are the elements of
- (a) Internal Environment
 - (b) Micro Environment
 - (c) Marco Environment
 - (d) None of the above
- Ans: (c)**
25. The size, density, distribution and growth rate of population is called
- (a) Ecology
 - (b) Habitat
 - (c) Demographics
 - (d) None of the above
- Ans: (c)**
26. Which of the following is an element of Political environment?
- (a) Legislature
 - (b) Judiciary
 - (c) Executive
 - (d) All of the above
- Ans: (d)**
27. Which of the following is not true in relation to the business environment ?
- (a) It is beyond the organisation
 - (b) It is a sum total of internal and external control factors
 - (c) Organisation can remain insensitive to the business environment
 - (d) It is dynamic in nature
- Ans: (c)**
28. Increase in Competition leads to-
- (a) Producers will have maximum incentive to innovate and specialize
 - (b) Reduced costs
 - (c) Wider choice to Consumers
 - (d) All the above
- Ans: (d)**

29. The situation where products perform the same function and compete against each other is called-
- (a) Conventional Competition
 - (b) Direct Competition
 - (c) Straight Competition
 - (d) None of the above

Ans: (b)

30. _____ is the conflict between vendors whose products or services are not the same, but that could satisfy the same consumer need.
- (a) Indirect Competition
 - (b) Secondary Competition
 - (c) All of the above

Ans: (a)

31. In which of the following basic categories can Business Environment be divided?
- (a) Local and Regional
 - (b) Regional and National
 - (c) Internal and External
 - (d) Financial and Non-financial

Ans: (c)

32. _____ represents all external forces, factors or conditions that exert some degree of impact on the business decisions, strategies and actions taken by the Firm.
- (a) Business Location
 - (b) Business Environment
 - (c) Business Threat
 - (d) Business Surrounding

Ans: (b)

33. Organisations depend upon which environment for Input:
- (a) Technological Environment
 - (b) Social-Economic Environment
 - (c) External Environment
 - (d) Legal Environment

Ans: (c)

34. Business Environment represents _____ forces that exert some degree of impact on the business decisions taken by the Firm.
- (a) Internal Forces
 - (b) External Forces
 - (c) Financial Forces
 - (d) National Forces

Ans: (b)

35. External factors in a Business Environment include-
- (a) Opportunities
 - (b) Threats
 - (c) Both (a) and (b)
 - (d) None of the above

Ans: (c)

36. Environmental Analysis helps in:
- (a) Providing input for strategic decision making
 - (b) Turning threat's to firms advantage
 - (c) Anticipate opportunities and to take optimal responses
 - (d) All of the above

Ans: (d)

37. _____environment is within the control of the business.
- (a) Internal
 - (b) External
 - (c) Micro
 - (d) Macro

Ans.(a)

38. _____environment is beyond the control of the business.
- (a) Internal
 - (b) External
 - (c) Micro
 - (d) Macro

Ans: (b)

39. Internal factors affecting a business environment is also referred to as _____ factors.
- (a) controllable
 - (b) uncontrollable factors
 - (c) relevant
 - (d) global

Ans: (a)

40. Trends relate to:
- (a) Happening of events in internal Environment
 - (b) Grouping of similar or related events
 - (c) Demands made by Interested group
 - (d) None of the above

Ans: (b)

41. External factors affecting a business environment is also referred to as _____ factors.
- (a) controllable
 - (b) relevant
 - (c) global
 - (d) uncontrollable

Ans: (d)

42. Which of the following does not characterize the Business Environment?
- (a) Methods of production
 - (b) Complexity
 - (c) Uncertainty
 - (d) Relativity

Ans: (a)

43. Which of the following exhibit characteristic of Business Environment?

- I. Environment is static
 - II. Environment is dynamic
 - III. Environment is complex and multi-faceted
 - IV. It has short term reach Options
- (a) Point I & III
 - (b) Point I, II & III
 - (c) Point II & IV
 - (d) Point II & III

Ans: (d)

44. What are the pre-requisites for a Firm to respond to the External Environment?

- (a) Monitoring the Environment
- (b) Identifying the factors
- (c) Capacity to develop effective responses
- (d) All of the above

Ans: (d)

45. A change in the Environment –

- (a) is always Accepted by Firms
- (b) is always declined by Firms
- (c) may be an opportunity to some and threat to some other Firms
- (d) None of the above

Ans: (c)

46. A threat is

- (a) An unfavourable condition in organisation environment which creates risk or damage to the environment.
- (b) An inherent limitation or constraint
- (c) An unfavourable condition in organisation environment which consolidates its strength
- (d) None of the above

Ans: (a)

47. Which type of Enterprises does not have the need to interact with the Environment?

- (a) Small Enterprises
- (b) Proprietary Firm
- (c) Micro Enterprises
- (d) None of the above

Ans: (d)

48. Who occupies the central position in the marketing environment?

- (a) Consumer
- (b) Customer
- (c) Organisation
- (d) All of the above

Ans: (a)

49. Characteristics of a Business Environment include-

- (a) Dynamism
- (b) Complex
- (c) Multi-faceted
- (d) All of the above

Ans: (d)

50. The price sensitivity of the market is an important factor of which element of Micro environment:
- (a) Suppliers
 - (b) Market
 - (c) Intermediaries
 - (d) Customer

Ans: (b)

51. The basic goals of Environmental Analysis include-
- (a) Knowing and understanding the changes in the environment
 - (b) Collecting relevant information for decision making
 - (c) Facilitating strategic thinking
 - (d) All of the above

Ans: (d)

52. Why is it difficult to understand Environmental Influences?
- (a) It has different sub-systems
 - (b) It cannot be predicted easily
 - (c) It has a complex frame work
 - (d) All of the above

Ans: (d)

53. _____ with their own bargaining power affect the cost structure of the industry.
- (a) Intermediaries
 - (b) Suppliers
 - (c) Consumer
 - (d) Government

Ans: (b)

54. Procedure of analyzing threats and opportunities of organization's environment is classified as
- (a) Environmental influences
 - (b) Environmental economics
 - (c) Environmental planning
 - (d) Environmental scanning

Ans: (d)

55. In external environmental scanning, interest rates, cycle of recessions and inflation are classified as
- (a) geographic influences
 - (b) government influences
 - (c) economic influences
 - (d) technological advancement

Ans: (c)

56. Which of the following is not a factor of Demographic Environment?
- (a) Ethnic Mix
 - (b) Legal
 - (c) Population
 - (d) Geographic Distribution

Ans: (b)

57. In external environmental scanning, tax legislations, social security legislations and tax provisions are classified as
- (a) geographic influences
 - (b) government influences
 - (c) economic influences
 - (d) technological

Ans: (b)

58. Business and technology are:
- (a) Interrelated
 - (b) Interdependent
 - (c) Interrelated & Interdependent
 - (d) None of the above

Ans: (c)

59. Which of the following is not a part of the external environment of the organization?
- (a) Technological factor
 - (b) Political factor
 - (c) Legal factor
 - (d) Organizational structure

Ans: (d)

60. Environment which is close to business and affect its capacity to work is known as _____ environment:
- (a) Micro
 - (b) Macro
 - (c) Internal
 - (d) External

Ans: (a)

61. SWOT analysis refers to –
- (a) Strength, Weakness, Options and Threats
 - (b) Strength, Weakness, Opportunities and Threats
 - (c) Strength, Weakness, Options and Traits
 - (d) Strength, Weakness, Opportunities and Traits

Ans: (b)

62. A Firm's capacity to take advantage over its competitors is known as-
- (a) Opportunity
 - (b) Power
 - (c) Strength
 - (d) Prospect

Ans: (c)

63. Study of human population is called as _____ environment.
- (a) Political
 - (b) Power
 - (c) Demographic
 - (d) Economic

Ans: (b)

64. _____ is an inherent limitation or constraint which creates a strategic disadvantage.

- (a) Weakness
- (b) Threat
- (c) Risk
- (d) Competition

Ans: (a)

65. Opportunity a _____ condition in the Firm's environment which enables it to consolidate and strengthen its position.

- (a) Unfavourable
- (b) Risky
- (c) Favourable
- (d) New

Ans: (c)

66. What is the single word that can best describe today's business?

- (a) Technology
- (b) Persistence
- (c) Profit making
- (d) Change

Ans: (d)

67. Internal factors in SWOT analysis include-

- (a) Strength and Weakness
- (b) Strength and Opportunities
- (c) Opportunities and Threats
- (d) Threats and Weakness

Ans: (a)

68. Under SWOT Analysis, Strength of a Firm does not refer to-

- (a) Competitive Advantage
- (b) Availability of Resources
- (c) Advantages enjoyed by Employees
- (d) Favourable Market

Ans: (d)

69. Competition is beneficial to the competing firms besides benefiting the _____?

- (a) Intermediaries
- (b) Customers
- (c) Producers
- (d) Financiers

Ans: (b)

70. Effective use of social media for marketing is

- (a) Strength
- (b) Weakness
- (c) Producers
- (d) Financiers

Ans: (c)

71. Interactions with Environment does not include-

- (a) Exchange of information
- (b) Exchange of resource
- (c) Exchange of influence
- (d) None of the above

Ans: (d)

72. _____ is the process by which organizations monitor their relevant environment to identify opportunities and threats affecting their business for the purpose of taking strategic decisions.

- (a) Forecasting
- (b) Assessment
- (c) Scanning
- (d) None of the above

Ans: (c)

73. Interactions between the Organization and Environment include-

- (a) Gathering data about the Organization and its surrounding
- (b) Collecting information about the Shareholders
- (c) Gathering information about the Employees
- (d) All of the above

Ans: (d)

74. The following statement relates to which strategic response approach to the environment: They seek to monitor the changes in that environment, analyse their impact on their own goals and activities and translate their assessment in terms of specific strategies for survival, stability and strength.

- (a) Proceed with caution
- (b) Least resistance
- (c) Dynamic response
- (d) Static Response

Ans: (a)

75. The Environment offers-

- (a) Opportunities, incentives and rewards
- (b) Constraints, threats and restrictions
- (c) Both (a) and (b)
- (d) Neither (a) nor (b)

Ans: (c)

76. While considering factors for Environmental Scanning what does “Trends” indicate?

- (a) specific occurrences taking place in different environmental sectors
- (b) general tendencies or the courses of action along which events take place
- (c) current concerns and emerging issues
- (d) demands made by interested groups in the light of their concern for issues

Ans: (b)

77. Which of the following is not a part of the economic environment?

- (a) Market and trade cycles
- (b) Consumer buying patterns
- (c) Strength of consumer spending
- (d) Interest and exchange rates

Ans: (b)

78. While considering factors for Environmental Scanning what does “Issues” indicate?
- (a) specific occurrences taking place in different environmental sectors
 - (b) general tendencies of the courses of action along which events take place
 - (c) current concerns that arise in response to events and trends and emerging issues
 - (d) demands made by interested groups in the light of their concern for issues

Ans: (c)

79. The immediate environment with which the firm operates is called –

- (a) Micro Environment
- (b) Macro Environment
- (c) External Environment
- (d) Peripheral Environment

Ans: (a)

80. Micro Environment is also known as-

- (a) Internal Environment
- (b) Task Environment
- (c) General Environment
- (d) both (a) and (b)

Ans: (d)

81. What is the kind of response that businesses should make efforts to exploit the opportunity and thought the threats:

- (a) Strategic Responses
- (b) Least resistance
- (c) Diversify
- (d) Simplify

Ans: (a)

82. Macro Environment is also known as-

- (a) Internal Environment
- (b) Task Environment
- (c) General Environment
- (d) Both (a)

Ans: (c)

83. Which of the following is not a characteristic least resistance strategic response:

- (a) Competitors
- (b) Customers
- (c) suppliers
- (d) All the above

Ans: (d)

84. Which of the following is not a characteristic least resistance strategic response:

- (a) Simple goal maintaining
- (b) Passive approach
- (c) Dynamic
- (d) All of the above

Ans: (c)

85. Indirect Competition means-
- (a) Competition between Firms, which are in same business activity
 - (b) Competition between Firms in different areas of activity
 - (c) Competition between Firms in different locations
 - (d) There is no such competition

Ans: (b)

86. Competitors refer to the other business entities that compete for –
- (a) Resources only
 - (b) Markets only
 - (c) Resources as well as markets
 - (d) None of the above

Ans: (c)

87. Perceiving the needs of the external environment and catering to them, satisfying the expectations and demands of the clientele groups is:
- (a) Reciprocal agreement
 - (b) Interdependent process
 - (c) Management process
 - (d) All of the above

Ans: (d)

88. Which of the following groups are important for the self analysis of the Organisation?
- (a) Shareholders
 - (b) Directors
 - (c) Employees
 - (d) All of the above

Ans: (d)

89. Supplier Environment does not have an impact on-
- (a) Quality of materials
 - (b) Cost of Materials and Service
 - (c) Changes in consumer tastes, preferences and expectations
 - (d) Availability of materials and services

Ans: (c)

90. Process of strategy formulation starts with:
- (a) Appraisal of external and internal environment of the of an organisation
 - (b) Performance analysis
 - (c) Choice of strategy
 - (d) None of the above

Ans: (a)

91. Which of the following issues should be considered while analyzing the market?
- (a) Maturity Level of the market
 - (b) Cost Structure of the market
 - (c) Price Sensitivity of the market
 - (d) All of the above

Ans: (d)

92. _____response not merely recognise and ward o_ threats but also convert threat into opportunities:
- (a) Aggressive
 - (b) Dynamic
 - (c) Static
 - (d) Passive

Ans: (b)

93. Intermediaries in the marketing channel establish a link between_____
- (a) Organisation and Customers
 - (b) Organisation and Suppliers
 - (c) Suppliers and the Customers
 - (d) Wholesalers and Retailers

Ans: (a)

94. _____occupies the Central position in the marketing environment.
- (a) Supplier
 - (b) Customer
 - (c) Retailer
 - (d) Advertiser

Ans: (b)

95. Through SWOT analysis:
- (a) Strengths and weakness existing within the environment can be matched with opportunities and threats in the organisation.
 - (b) Strengths and weakness existing outside the organisation can be matched with opportunities and threats with the internal environment.
 - (c) Strengths and weakness existing outside the organisation can be matched with opportunities and threats with the external environment.
 - (d) Strengths and weakness existing within an organisation can be matched with opportunities and threats in the environment.

Ans: (d)

96. The elements of the Microenvironment consist of _____
- (a) Political, competitive pressures, Social and physical forces
 - (b) Suppliers, competitors, customers and distributors
 - (c) Technology, legal legislation, supply chain and competitors
 - (d) Economic, Customers, Social and Political Forces

Ans: (b)

97. Elements of Macro Environment include-
- (a) Legal Environment
 - (b) Competitors
 - (c) Customers
 - (d) All of the above

Ans: (a)

98. The businesses should continuously _____ and _____to the environment if it is to service and prosper.
- (a) Identify, appraise
 - (b) Monitor, adapt
 - (c) Identify, monitor
 - (d) Monitor, appraise

Ans: (b)

99. Socio Cultural Factors affecting business environment include-

- (i) Role of women
- (ii) Education levels
- (iii) Population size
- (iv) Political pressure
- (a) (i) and (ii)
- (b) (i), (ii) and (iii)
- (c) Only (ii)
- (d) (i), (ii), (iii) and (iv)

Ans: (a)

100. Relationship between organisation and environment can be described through:

- (a) Exchange of information
- (b) Exchange of resources
- (c) Exchange of influence and power
- (d) All of the above

Ans: (d)

101. “Demographics” denote-

- (a) Density of population
- (b) Growth rate of population
- (c) Characteristics of population
- (d) Bottlenecks of over population

Ans: (c)

102. “Demographics” denote characteristics of population which include-

- (a) Race
- (b) Age
- (c) Employment
- (d) All of the above

Ans: (d)

103. According to Peter Drucker aim of the business is to _____ and _____

- (a) Create and retain customer
- (b) Retain customer and create profits
- (c) Create and retain
- (d) Retain consumer and maximise wealth

Ans: (a)

104. Factors to be considered for analyzing Demographic Environment does not include-

- (a) Population Size
- (b) Family Structure
- (c) Cultural composition
- (d) Income distribution

Ans: (b)

105. Analysis of Income Distribution of the population comes under-

- (a) Economic Environment
- (b) Social Environment
- (c) Legal environment
- (d) Demographic Environment

Ans: (d)

- 106.** The non-specific elements of the organisations surrounding that may affect its activities are;
- (a) Customers, suppliers and employees
 - (b) Suppliers, owners, employees
 - (c) Owners, Board of Directors and Employees
 - (d) Customers, Intermediaries, suppliers.

Ans: (c)

- 107.** Monetary Policy includes-

- (a) activities and interventions that aim at smooth supply of credit to the business and a boost to trade and industry.
- (b) Policy in respect of Public Expenditure, Taxation (both Direct and Indirect) and Public Debt.
- (c) regulating the inflow of Foreign Investment in various sectors for speeding up industrial development, and related objectives
- (d) increasing exports and bridge the gap between exports and Imports

Ans: (a)

- 108.** The _____ environment refers to the nature and direction of the economy in which a company competes or may compete.

- (a) Socio-cultural
- (b) Internal
- (c) Micro
- (d) Economic

Ans: (c)

- 109.** Which of the following are key economic indicators?

- (a) Import/Export factors
- (b) Stock market trends
- (c) GDP trends
- (d) All the above

Ans: (d)

- 110.** _____ Policy aims at regulating the inflow of foreign investment in various sectors for speeding up industrial development, and related objectives.

- (a) Fiscal
- (b) Monetary
- (c) Foreign Investment
- (d) Both (a) and (c)

Ans: (c)

- 111.** Which of the following statement is not a factor influencing socio-cultural environment:

- (a) Family structure and changes in it, attitude towards and within the family, and family values.
- (b) Educational levels, awareness and consciousness of rights, and work ethics of members of society.
- (c) Opportunities arising out of technological innovation.
- (d) Role of women in society, position of children and adolescents in family and society

Ans: (d)

- 112.** Which of the following is an effect of Globalization at the Organizational Level?
- (a) Company commits itself heavily with several manufacturing locations around the world and offers products in
 - (b) Company has the ability to compete in domestic markets with foreign competitors in domestic markets with foreign competitors.
 - (c) Both (a) and (b)
 - (d) None of the above

Ans: (c)

- 113.** Analyzing process of change in the business environment involves conceptualizing its as:
- (a) Complex
 - (b) Static
 - (c) Dynamic
 - (d) Diverse

Ans: (a)

- 114.** The Process of integration of the world into one huge market is called as-
- (a) Nationalization
 - (b) Globalization
 - (c) Capitalization
 - (d) None of the above

Ans: (b)

- 115.** _____ Factors describe how and to what extent the Government intervenes in the economy and the activities of Business Firms.
- (a) Political
 - (b) Legal
 - (c) Economic
 - (d) Environmental

Ans: (a)

- 116.** The performance of business in the private sector is measured by:
- (a) Profitability
 - (b) Customer Satisfaction
 - (c) Number of employees
 - (d) The salary of BOD

Ans: (b)

- 117.** PESTLE Analysis involves the analysis of –
- (a) Micro Environment
 - (b) Macro Environment
 - (c) Business Environment
 - (d) Global environment

Ans: (b)

- 118.** _____ Analysis is a way of scanning the environmental influences that have affected or are likely to affect an organization or its policy.
- (a) SWOT
 - (b) PESTLE
 - (c) COSMIC
 - (d) None of the above

Ans: (b)

119. Joint Ventures, Federations, Strategic Alliances, etc. are a way of –

- (a) Competitive response
- (b) Collective response
- (c) Confident response
- (d) None of the above

Ans: (b)

120. Which of the following statements is true about Competitive Response?

- (a) It seeks to enhance the Entity's performance by establishing a Competitive Advantage over its rivals.
- (b) It aims at defining the Entity's purpose and key tasks in relationship to particular environments.
- (c) It helps Entities to manage environmental uncertainty and perform tasks that are too costly and complicated for single Entities to perform.
- (d) All the above

Ans: (a)

121. In the PEST framework for environmental analysis what does the letter E stand for?

- (a) Ecological
- (b) Economic
- (c) Ethical
- (d) Educational

Ans: (b)

122. Business Responses to Environment are classified as –

- (a) Conservative, Cautious and Confident
- (b) Administrative, Legal, Competitive
- (c) Cautious Approach
- (d) Careful Approach

Ans: (c)

123. Which approach has the least resistance in responding to the Environment ?

- (a) Confident Approach
- (b) Conservative Approach
- (c) Cautious Approach
- (d) Careful Approach

Ans: (b)

124. All are elements of micro environment except:

- (a) Consumer
- (b) Suppliers
- (c) Competitors
- (d) Society

Ans: (d)

125. Which approach has the dynamic response to the Environment?

- (a) Confident
- (b) Conservative Approach
- (c) Cautious Approach
- (d) Careful Approach

Ans: (a)

- 126.** The approach adopted by enterprises which are very passive in their behavior and are solely guided by the signals of external environment.
- (a) Cautious approach
 - (b) Confident approach
 - (c) Conservative approach
 - (d) Careful approach
- Ans:** (c)
- 127.** Select the correct statement out of the following:
- (a) Environmental factors are totally beyond the control of a single industrial enterprise.
 - (b) Environmental factors are largely beyond the control of a single industrial enterprise.
 - (c) Environmental factors are totally within the control of single industrial enterprise.
 - (d) None of the above
- Ans:** (b)
- 128.** Firms that adopt a cautious approach –
- (a) manage to survive by way of coping with their changing external environments.
 - (b) regard the external environmental forces as partially manageable and controllable by their actions.
 - (c) take an intelligent interest to adapt with the changing external environment
 - (d) all of the above
- Ans:** (c)
- 129.** In response to the changes in the environment organizations in general should:
- (a) Understand the impact of changes on the strategy and make appropriate modifications.
 - (b) Make efforts that changes are reverted back so that organizations can function smoothly.
 - (c) Ignore the changes
 - (d) None of the above
- Ans:** (a)
- 130.** Which one of the following cannot be included under the nature of relationship between business and environment?
- (a) Interdependence
 - (b) Dynamic
 - (c) Social Change
 - (d) Fixed
- Ans:** (d)
- 131.** All are elements of macro environment except:
- (a) Society
 - (b) Government
 - (c) Competitors
 - (d) Technology
- Ans:** (c)
- 132.** Globalisation can create problems for business because
- (a) It can result in more competition
 - (b) It increases vulnerability to the political risk and uncertainty when operating abroad
 - (c) It means that they can increase price
 - (d) All the options are correct
- Ans:** (a)

133. Read the following three statements:

- (i) The environment is constantly changing in nature.
- (ii) Various environmental constituents exist in isolation and do not interact with each other.
- (iii) The environment has a far reaching impact on organizations. From the combinations given below select an alternative that represents statements that are true:

- (a) (i) and (ii)
- (b) (ii) and (iii)
- (c) (i) and (iii)
- (d) (i), (ii) and (iii)

Ans: (c)

134. To determine a country's attractiveness to business require

- (a) A detailed analysis of elements in the macro environment
- (b) An assessment of the political and financial risks of doing business in that country
- (c) an analysis of the competitive environment
- (d) All of the above

Ans: (d)

135. _____ refers to an external forces that have a bearing on the functioning of the business.

- (a) Environment
- (b) Culture
- (c) System
- (d) None of these

Ans: (a)

136. Which environmental factors regulate the values and beliefs, traditions and customer of society?

- (a) Political-legal factors
- (b) Technological factors
- (c) Economic factors
- (d) Socio-cultural factors

Ans: (d)

137. Which of the following is not a business opportunity generated by Globalisation?

- (a) Access to low cost labour
- (b) Cheap International Transport
- (c) Currency Crisis
- (d) Less stringent regulations of the Business Environment

Ans: (c)

138. The term PESTLE analysis is used to describe a framework for analyzing:

- (a) Macro Environment
- (b) Micro Environment
- (c) Both Macro and Micro Environment
- (d) None of above

Ans: (a)

139. _____ consists of economic conditions, economic policies, industrial policies and economic system.

- (a) Business Environment
- (b) Economic Environment
- (c) Natural environment
- (d) None of the above

Ans: (b)

Past Years Questions and Answers

2018 – MAY

140. SWOT stands for

- (a) Strength, Weakness, Opportunity, Threats
- (b) Strong, Weak, Opportunity, Threats
- (c) Strong, Weak, Occurring, Things
- (d) Strength, Weak, Opportunity, Things

Ans: (a)

141. The two E's in PESTLE stands for:

- (a) Economic and Economic
- (b) Endless and Economic
- (c) Entry and Exit
- (d) End and Exit

Ans: (a)

142. Which of the following are not characteristics of business environment :

- (a) Complex
- (b) Dynamic
- (c) Single Faceted
- (d) Far reaching impact

Ans: (c)

143. Demographic environment relates to:

- (a) Characteristics of population in an area, district, country or in the World.
- (b) Controlling and changing people's life.
- (c) Influence almost all enterprises in a similar manner
- (d) Positive and negative impact of significant international event.

Ans: (a)

2018 – NOVEMBER

144. Business Environment analysis help in:

- (a) Give directions for growth
- (b) Determining opportunities and threats
- (c) Image building
- (d) All of the above.

Ans: (d)

145. _____ describe a framework analysis of macro environmental factor.

- (a) SOCIAL
- (b) PESTLE
- (c) POLITICAL
- (d) MIXED

Ans: (b)

146. Which is not a feature of business environment.

- (a) Simple
- (b) Complex
- (c) Multi fact
- (d) Dynamic

Ans: (a)

147. A _____ is inherent capacity which an organization can use to gain strategic advantage over its competitors.

- (a) Strength
- (b) Opportunities
- (c) Threats
- (d) Weakness

Ans: (a)

148. _____ is imp. and specific occurrence taking place in different environment sectors.

- (a) Events
- (b) Trends
- (c) Issues
- (d) Expectations

Ans: (a)

2019 – MAY

149. Internal Environment includes

- (a) Demography
- (b) Customer
- (c) Economic
- (d) Mission and Objectives

Ans: (d)

150. Competition brings direct benefit to

- (a) Customers
- (b) Suppliers
- (c) Government
- (d) Intermediaries

Ans: (a)

151. PESTLE analysis does not include

- (a) Legal
- (b) Economic
- (c) Technology
- (d) Policy

Ans: (d)

152. Opportunity is

- (a) Inherent Capacity
- (b) Strategic disadvantage
- (c) Favourable condition
- (d) None of the above

Ans: (c)

153. Cost structure of an industry is effected by _____ own bargaining power.

- (a) Organisations
- (b) Suppliers
- (c) Consumer
- (d) Intermediary

Ans: (b)

154. What is not a characteristic of business environment?

- (a) Static
- (b) Complex
- (c) Far reaching
- (d) Multi-faced

Ans: (a)

155. Macro Environment includes

- (a) Strength
- (b) Weakness
- (c) Opportunity
- (d) All of the above

Ans: (c)

2019 – NOVEMBER

156. The term PESTLE analysis is used to describe a framework for analyzing:

- (a) Macro Environment
- (b) Micro Environment
- (c) Both Macro and Micro Environment
- (d) None of above

Ans: (a)

157. What is the strategy used by firm ?

- (a) SWOT
- (b) COWS
- (c) PESTLE
- (d) PEST

Ans: (a)

158. Which of the following is not a factor of Demographic Environment?

- (a) Ethnic Mix
- (b) Legal
- (c) Population size
- (d) Geographic distribution

Ans: (b)

159. Which of the following is not a characteristics least resistance strategic response ?

- (a) Simple goal maintaining
- (b) Passive approach
- (c) Dynamic
- (d) All of the above

Ans: (c)

160. According to Peter Drucker aim of the business is the _____ and _____ .

- (a) Create and retain customer
- (b) Retain customer and create profits
- (c) Create and retain consumer
- (d) Retain consumer and maximise wealth

Ans: (a)

161. The business should continuously _____ and _____ to the environment if it is to service and prosper.
- (a) Identify, appraise
 - (b) Monitor, adapt
 - (c) Identify, monitor
 - (d) Monitor, appraise

Ans: (b)

162. _____ response not merely recognise and word off threats but also convert threat into opportunities.
- (a) Aggressive
 - (b) Dynamic
 - (c) Static
 - (d) Passive.

Ans: (b)

2020 – NOVEMBER

163. _____ is a framework for marco environment analysis.
- (a) Global
 - (b) Political
 - (c) Social
 - (d) PESTLE

Ans: (d)

164. Which of the following is not an example of socio-cultural environment?
- (a) Role of women in society
 - (b) Raising income
 - (c) Family structure
 - (d) Educational levels

Ans: (b)

165. Factors like trends, events of different interest group are needed to be considered in:
- (a) Environment analysis
 - (b) Environment scanning
 - (c) Environment inference
 - (d) Environment response

Ans: (b)

166. Which of the following is not an important characteristic of business environment ?
- (a) Image building
 - (b) Continuous learning
 - (c) Giving direction for shrinking
 - (d) Opportunities and threats

Ans: (c)

167. ABC Company is aiming towards joint venture and partnership with other firms to manage uncertainty. This is an example of following type of organizational response to the environment:
- (a) Collective response
 - (b) Competitive response
 - (c) Micro environmental response
 - (d) Administrative response

Ans: (a)

168. The business should continuously _____ and _____ to the environment if it is to prosper.
- (a) Identify, appraise
 - (b) Monitor, adopt
 - (c) Identify, Monitor
 - (d) Monitor, appraise

Ans: (b)

2021 – JANUARY

169. The business should continuously _____ and _____ to the environment if it is to survive and prosper.
- (a) Identify, appraise
 - (b) Monitor, adapt
 - (c) Identify, Monitor
 - (d) Monitor, appraise

Ans: (b)

170. Which one of the following is not a factor of Demographic Environment?
- (a) Ethnic Mix
 - (b) Legal
 - (c) Population size
 - (d) Geographic Distribution

Ans: (b)

171. _____ is a road map of a company's future
- (a) Objective
 - (b) Goal
 - (c) Vision
 - (d) Aim

Ans: (c)

172. The two "E" in PESTLE Stands for
- (a) Effective and efficient
 - (b) Economic and entrepreneurial
 - (c) Environmental and endless
 - (d) Economic and Environment

Ans: (d)

173. Competition is beneficial to the competing firms besides benefitting the _____ ?
- (a) Intermediaries
 - (b) Customers
 - (c) Producers
 - (d) Financiers

Ans: (b)

174. Which of the following is not a part of the economic environment?
- (a) Market and trade cycles
 - (b) Consumer buying patterns
 - (c) Strength of consumer spending
 - (d) Interest and exchange rates

Ans: (b)

CHAPTER 3

BUSINESS ORGANIZATION

MULTIPLE CHOICE QUESTIONS

1. _____ help companies and organisation keep their finance on track .
(a) Budget Analyst
(b) Financial Analyst
(c) Management Analyst
(d) Market Research Analyst
Ans: (a)

2. _____ are also called as security analyst, investment analyst or rating analyst.
(a) Budget Analyst
(b) Financial Analyst
(c) Management Analyst
(d) Market Research Analyst
Ans: (b)

3. They work with the heads of business to improve efficiency and consequently profitability.
(a) Budget Analyst
(b) Financial Analyst
(c) Management Analyst
(d) Market Research Analyst
Ans: (c)

4. These analysts study strength and weakness for taking decision to increase market share.
(a) Budget Analyst
(b) Financial Analyst
(c) Management Analyst
(d) Market Research Analyst
Ans: (d)

5. Axis Bank is the _____ private sector bank in india
(a) First largest
(b) Second largest fourth
(c) Third largest
(d) Fourth largest
Ans: (c)

6. World's largest three wheeler manufacturer is
(a) Hero
(b) Bajaj Auto Limited
(c) Scooter India Ltd.
(d) Maruti
Ans: (b)

7. Largest mobile network operator in India is
(a) Bharti Airtel Limited
(b) Idea
(c) Vodafone
(d) BSNL
Ans: (a)

8. World largest coal producer company is

- (a) Coal India Limited
- (b) NCL India Limited
- (c) Odisha Coal and Power Limited
- (d) Western Coalfields

Ans: (a)

9. Largest state owned natural gas processing and distribution company in India is

- (a) GAIL (India) Ltd.
- (b) NTPC
- (c) Shell Oil Co.
- (d) Western Gas Partners

Ans: (a)

10. Full form of HDFC is

- (a) Home Development Financial Corporation
- (b) Housing Development Financial Corporation
- (c) Housing Daily Finance Company
- (d) Housing Development Finance Company

Ans: (b)

11. ICICI stands for

- (a) Industrial Credit and Investment Corporation of India.
- (b) Indian Credit and Investment Company of India.
- (c) Industrial Credit and Infrastructure Corporation of India.
- (d) Industrial Corner and Investment Corporation of India

Ans: (a)

12. Which of the following is not a public sector undertaking

- (a) NTPC Ltd.
- (b) ONGC Ltd.
- (c) SAIL
- (d) Reliance

Ans: (d)

13. India's largest oil and gas exploration company is

- (a) NTPC Ltd.
- (b) Reliance
- (c) ONGC Ltd.
- (d) None of these

Ans: (c)

14. Who is the Chief Executive Officer of Reliance Industries Limited.

- (a) Dhirubhai Ambani
- (b) Anil Ambani
- (c) Mukesh Ambani
- (d) Anant Ambani

Ans: (c)

15. Largest banking and financial services company in india by assets is

- (a) Union Bank of India
- (b) Bank of Baroda
- (c) State Bank of India
- (d) Punjab National Bank

Ans: (c)

16. India's largest Conglomerate is
(a) Tata Sons Limited
(b) Reliance Industries Limited
(c) ITC Limited
(d) Nestle

Ans: (a)

17. The Headquarter of Deutsche Bank is in
(a) Germany
(b) US
(c) Switzerland
(d) India

Ans: (a)

18. Good Food, Good life is the mission of
(a) HUF
(b) Nestle
(c) Patanjali
(d) Cadbury

Ans: (b)

19. Microsoft was founded by
(a) Paul Allen
(b) Bill Gates
(c) Both of these
(d) None of the

Ans: (c)

20. Growth is life is the mission of
(a) Reliance Industries Limited
(b) Indian Oil Corporation Limited
(c) HDFC Bank
(d) Axis Bank

Ans: (a)

21. IBM stands for
(a) India Bulls Machines Corporation
(b) Indian Business Machine Corporation
(c) International Business Machines Corporation
(d) International Business Management Corporation

Ans: (c)

22. World's largest and highest valued semi conductor chip markers is
(a) Samsung
(b) Qualcomm
(c) Toshiba
(d) Intel

Ans: (d)

23. Vision of HP is
(a) To be among the Top 10 Global IT and Business Process Outsourcing Services.
(b) To be world's leading power company, energising India's Growth.
(c) To create technology that makes life better for everyone, everywhere.
(d) To be best retailer in the hearts and minds of consumers and employees.

Ans: (c)

24. Chief Executive Officer of Apple is

- (a) Tim Cook
- (b) Steve Jobs
- (c) Chanda Kochehar
- (d) Bill gates

Ans: (a)

25. First store of Walmart in India was opened in Amritsar in _____

- (a) 1962
- (b) 1972
- (c) 2009
- (d) 2016

Ans: (c)

26. In which Country is the Headquarter of Deutsche Bank located?

- (a) Germany
- (b) China
- (c) Holland
- (d) England

Ans: (a)

27. Who is the present chairman of HDFC bank?

- (a) Deepak S Parekh
- (b) M.K. Sharma
- (c) Sanjiv Singh
- (d) Chandan Kumar Dey

Ans: (a)

28. Who is the present chairman of ICICI bank?

- (a) M.K. Sharma
- (b) Chanda Kochar
- (c) Rakesh Jha
- (d) None of the above

Ans: (a)

29. Which of the following Brand is not owned by TATA?

- (a) Titan
- (b) Sonata
- (c) Voltas
- (d) B-Natural

Ans: (d)

30. When was Reliance Industries Ltd. incorporated?

- (a) 1965
- (b) 1966
- (c) 1978
- (d) 1959

Ans: (b)

31. who is the present chairman of SBI?

- (a) Rajnish Kumar
- (b) Natrajan Chandrasekaran
- (c) Alok Kumar Agarwal
- (d) None of the above

Ans: (a)

32. 'Growth with Truth and Hard Work' is the Mission of which Company?

- (a) Idhayam
- (b) Tata Sons
- (c) Bajaj
- (d) None of the Above

Ans: (a)

33. Which pharmaceutical company has the slogan 'caring for life'?

- (a) Dr. Reddy's
- (b) Lupin Ltd.
- (c) Cipla Ltd.
- (d) Sun Pharmaceutical Industries Ltd.

Ans: (c)

34. Who is the present CFO of Asian Paints?

- (a) Jayesh Merchant
- (b) KBS Anand
- (c) Sanjiv Misra
- (d) None of the Above

Ans: (a)

35. Which year SBI was incorporated?

- (a) 1906
- (b) 1806
- (c) 1812
- (d) 1912

Ans: (b)

36. Which gas company owns India's largest pipeline network?

- (a) GAIL (India) Ltd.
- (b) Bharat Petroleum Corporation Ltd.
- (c) Reliance Industries Ltd.
- (d) ONGC

Ans: (a)

37. Who is the present CEO of Airtel?

- (a) Gopal Vittal
- (b) Bharti Mittal
- (c) Badal Bagri
- (d) None of the Above

Ans: (a)

38. Which year American Express was incorporated?

- (a) 1850
- (b) 1860
- (c) 1870
- (d) 1880

Ans: (a)

39. Where are the Headquarters of ITC Limited?

- (a) Kolkata
- (b) Mumbai
- (c) Delhi
- (d) Bengaluru

Ans: (a)

40. When was Bajaj incorporated?

- (a) 1955
- (b) 1965
- (c) 1975
- (d) 1945

Ans: (d)

41. 'Good Food. Good Life' is tagline of which company?

- (a) ITC
- (b) Nestle
- (c) Walmart
- (d) Idhayam

Ans: (b)

42. State Bank of India was formerly known as:

- (a) Bank of Madras
- (b) Bank of Calcutta
- (c) Imperial Bank
- (d) Indian Bank

Ans: (c)

43. When was ITC incorporated?

- (a) 1911
- (b) 1910
- (c) 1909
- (d) 1912

Ans: (b)

44. Which among the following is not a competitor of Nestle?

- (a) Patanjali
- (b) Amul
- (c) Kraft Foods
- (d) Maggi

Ans: (d)

45. Jayesh Merchant is the CFO of which company?

- (a) Asian Paints Ltd.
- (b) Ambuja cements Ltd.
- (c) Bosch Ltd.
- (d) Ultra tech cement Ltd.

Ans: (a)

46. When was Idhayam Group incorporated?

- (a) 1986
- (b) 1987
- (c) 1989
- (d) 1991

Ans: (a)

47. Where is the Headquarter of Microsoft located?

- (a) Washington
- (b) New York
- (c) New Jersey
- (d) California

Ans: (a)

48. Which industrial category does Wipro Ltd. come under?

- (a) Pharmaceuticals & Drugs
- (b) Diversified
- (c) Media
- (d) IT-Software

Ans: (d)

49. When was IBM incorporated?

- (a) 1913
- (b) 1915
- (c) 1911
- (d) 1917

Ans: (c)

50. Who is the present CEO of Microsoft?

- (a) Satya Nadella
- (b) Tim Cook
- (c) Sundar Pichai
- (d) Bill Gates

Ans: (a)

51. Which of the following IT companies is not based in the US?

- (a) Microsoft Corporation
- (b) Intel Corporation
- (c) HCL Technologies Ltd.
- (d) IBM Corporation

Ans: (c)

52. Where is the Headquarters of Cipla Limited?

- (a) Chennai
- (b) Kolkata
- (c) HCL Technologies Ltd.
- (d) IBM Corporation

Ans: (d)

53. Where is the Headquarter of IBM located?

- (a) Washington
- (b) New York
- (c) New Jersey
- (d) California

Ans: (b)

54. NESTLE is a beverage partners with which of the following companies?

- (a) Coca-Cola India
- (b) Pepsico India Holdings Pvt. Ltd.
- (c) Red Bull India Pvt. Ltd
- (d) Dabur India Ltd

Ans: (a)

55. Where is the Headquarters of Infosys Limited?

- (a) Mysuru
- (b) Vijyawada
- (c) Bengaluru
- (d) Chennai

Ans: (c)

56. Where is the Headquarter of Intel located?

- (a) Washington
- (b) New York
- (c) New Jersey
- (d) California

Ans: (d)

57. Where are the headquarters of Walmart?

- (a) Arkansas, US
- (b) California, US
- (c) Newyork, US
- (d) None of the above

Ans: (a)

58. Where is the Headquarters of Reliance Industries Limited?

- (a) Chennai
- (b) Mumbai
- (c) Kolkata
- (d) Delhi

Ans: (b)

59. Which of the following is not a brand of Intel?

- (a) Core
- (b) Atom
- (c) Pentium
- (d) MSN

Ans: (d)

60. Who founded Wipro Limited ?

- (a) Azim Premji
- (b) Mohamed Premji
- (c) Champaklal H. Choksi
- (d) Chimanlal N. Choksi

Ans: (b)

61. Ravi Bhamidipaty is the CFO of which Company?

- (a) Reliance
- (b) Adani
- (c) Unilever
- (d) HP

Ans: (b)

62. Where is the Headquarter of HP located?

- (a) Washington
- (b) New York
- (c) New Jersey
- (d) California

Ans: (d)

63. The major textile brand 'Vimal' was introduced in which year?

- (a) 1975
- (b) 1965
- (c) 1985
- (d) 1986

Ans: (a)

64. Asian Paints operates in how many countries?

- (a) 19
- (b) 17
- (c) 15
- (d) 13

Ans: (a)

65. Which year was HP incorporated?

- (a) 1939
- (b) 1941
- (c) 1942
- (d) 1943

Ans: (a)

66. Who is the present CEO of Microsoft Corporation?

- (a) Satya Nadella
- (b) Amy Hood
- (c) Brain M. Krzanich
- (d) Tim Cook

Ans: (a)

67. Which of the following is not a service of Retail Banking?

- (a) Cheque
- (b) DD
- (c) Loans
- (d) Trustee Services

Ans: (d)

68. Which of the following is not a brand of Apple?

- (a) Mac
- (b) iTunes
- (c) Nike+
- (d) iBall

Ans: (d)

69. Which IT Company acquired Beats Electronics in 2014?

- (a) Microsoft Corporation
- (b) Apple
- (c) Intel Corporation
- (d) IBM Corporation

Ans: (b)

70. 'Distinctly Ahead' is a tagline of which company?

- (a) Honda
- (b) Bajaj
- (c) Intel
- (d) IBM

Ans: (b)

71. Who is the present CEO of Apple?

- (a) Tim Cook
- (b) Steve Jobs
- (c) Satya Nadella
- (d) Sundar Pichai

Ans: (a)

72. Which Bank provides the digital service PayZapp?

- (a) Axis Bank Limited
- (b) HDFC Bank Limited
- (c) ICICI Bank Limited
- (d) SBI

Ans: (b)

73. In which year Bharti Airtel acquired Tikona Networks' 4G Business?

- (a) 2015
- (b) 2017
- (c) 2014
- (d) 2013

Ans: (b)

74. Where is the Headquarter of Walmart located?

- (a) Arkansas
- (b) New York
- (c) New Jersey
- (d) California

Ans: (a)

75. Who is the present chairman of Bajaj Auto Ltd.?

- (a) Mr. Rahul Bajaj
- (b) Mr. Rajiv Bajaj
- (c) Jamnalal Bajaj
- (d) Kevin P D'sa

Ans: (a)

76. BPCL is not involved in which of the following Business?

- (a) Retail
- (b) Lubricants
- (c) Aviation and
- (d) Chemicals

Ans: (d)

77. Which of the following is not a Competitor for Walmart?

- (a) K Mart
- (b) Target
- (c) Aldi
- (d) Sam's Club

Ans: (d)

78. Which of the following is not a product of Bajaj Auto Limited?

- (a) Avenger
- (b) Discover
- (c) Splendor
- (d) CT 100

Ans: (c)

79. Cipla was incorporated in

- (a) 1933
- (b) 1935
- (c) 1938
- (d) 1939

Ans: (b)

80. Where is the Headquarter of Honda located?

- (a) Tokyo
- (b) Beijing
- (c) Sydney
- (d) Mumbai

Ans: (a)

81. Which of the following is a subsidiary of Gail India Limited?

- (a) Central Coal fields Limited
- (b) Mahanadi Coalfields Limited
- (c) Western Coal fields Limited
- (d) Brahmaputra Cracker and Polymer Limited

Ans: (d)

82. CIL and NTPC has _____ Joint venture

- (a) 40:60
- (b) 50:50
- (c) 30:70
- (d) None of the above

Ans: (b)

83. Which of the following is not Manufactured by Honda?

- (a) Automobiles
- (b) Aircraft
- (c) Power Equipment
- (d) Bicycles

Ans: (d)

84. Which company is ranked 33rd in Forbes 2000 companies in 2016?

- (a) Nestle
- (b) Walmart
- (c) IBM Corporation
- (d) RIL

Ans: (a)

85. “Bringing expensive medicine within reach” is a philosophy of which company?

- (a) Dr. Reddy’s
- (b) Cipla
- (c) Ranbaxy
- (d) None of the above

Ans: (a)

86. Which year was Cadburys’ incorporated?

- (a) 1824
- (b) 1834
- (c) 1844
- (d) 1854

Ans: (a)

87. Who is the present CFO of Adani Ports and Special Economic Zone Ltd.?

- (a) Ravi Bhamidipaty
- (b) Karan Gautambhai Adani
- (c) Alok Kumar Agarwal
- (d) Farokh Nariman Subedar

Ans: (a)

88. Who is the Chairman of GAIL?

- (a) Bhuvan Chandra Tripathi
- (b) Chanda Kochar
- (c) Sanjiv Misra
- (d) None of the Above

Ans: (a)

89. Which of the following is not Manufactured by Caburys'?

- (a) Chocolates
- (b) Biscuits
- (c) Beverages
- (d) None of the above

Ans: (d)

90. Deutsche Bank was founded in Berlin in which year ?

- (a) 1970
- (b) 1870
- (c) 1890
- (d) 1980

Ans: (b)

91. Which of the following is not Manufactured by Cadburys?

- (a) Operational Excellence
- (b) Customer Focus
- (c) Product Leadership
- (d) All the above

Ans: (d)

92. Where is the Headquarter of Unilever located?

- (a) London
- (b) Rotterdam
- (c) New Jersey
- (d) Both a and b

Ans: (d)

93. American Express was ranked the 17th most admired company for Fortune in which year?

- (a) 2014
- (b) 2015
- (c) 2016
- (d) 2017

Ans: (d)

94. HDFC Bank merge with which Bank in February, 2000?

- (a) RBS
- (b) Bank of Mathura
- (c) Times Bank
- (d) None of the Above

Ans: (c)

95. Which of the following is not a brand of Unilever?

- (a) Kwalita Walls
- (b) Axe
- (c) Hamam
- (d) Pantene

Ans: (d)

96. The mission of which transnational company is 'Good Food, Good Life'?

- (a) Tata Group
- (b) Reliance fresh
- (c) Nestle
- (d) Starbucks

Ans: (c)

97. Who is the CFO of ICICI Bank?

- (a) Rakesh Jha
- (b) Bhuvan Chandra Tripathi
- (c) Chanda Kochar
- (d) None of the above

Ans: (a)

98. For the 15th time in 16 years, Unilever was named leader of the Food, Beverage & Tobacco Industry Group with a score of _____ out of 100?

- (a) 95
- (b) 92
- (c) 89
- (d) 88

Ans: (b)

99. When did Microsoft begin its business in India?

- (a) 1990
- (b) 1991
- (c) 1995
- (d) 1989

Ans: (a)

100. The bank of Rajasthan (BOR) was acquired by which Bank?

- (a) HDFC
- (b) ICICI
- (c) Axis Bank
- (d) SBI

Ans: (b)

101. Which Company was ranked 8th on Forbes world's Biggest Public Companies list of 2016?

- (a) Apple
- (b) Walmart
- (c) IBM
- (d) Microsoft

Ans: (a)

102. What is Intel's rank in the "Fortune 500 World's Most Admired Companies" in 2017?

- (a) 48th
- (b) 46th
- (c) 38th
- (d) 39th

Ans: (b)

103. Indian Catalyst Private Limited is the subsidiary of which company?

- (a) IOC
- (b) BPCL
- (c) NTPC
- (d) ONGC

Ans: (a)

104. Which Company was ranked 46th in "Fortune 500 World's most Admired Companies" list of 2017?

- (a) Apple
- (b) Intel
- (c) IBM
- (d) Microsoft

Ans: (b)

105. Who was the founder of Walmart?

- (a) Sam Watson
- (b) Bret Biggs
- (c) Greg Penner
- (d) Luca Maestri

Ans: (a)

106. In which Year Infosys for renamed to "Infosys Limited" ?

- (a) 2011
- (b) 2013
- (c) 2015
- (d) 2009

Ans: (a)

107. What was the initial name of Apple Inc.?

- (a) Apple corporation
- (b) Apple Computer Inc.
- (c) Apple IT Solutions
- (d) Apple Mac Inc.

Ans: (b)

108. What was Indian Tobacco Company called before?

- (a) Imperial Tobacco Company
- (b) International Tobacco Company
- (c) Indonesia Tobacco Company
- (d) None of the above

Ans: (a)

- 109.** What was ICICI Bank's rank among private sector banks in India as per Brand Equity's 'Most Trusted Brands of 2016 survey?
- (a) 1st
 - (b) 2nd
 - (c) 3rd
 - (d) 4th
- Ans: (a)**
- 110.** Which of the following is not a FMCG product?
- (a) Sunfeast
 - (b) Engage
 - (c) Fiama and
 - (d) Soya meal
- Ans: (d)**
- 111.** Indane LPG is the product of which corporation in India?
- (a) IOCL
 - (b) NTPC
 - (c) ONGC
 - (d) PGCIL
- Ans: (a)**
- 112.** L & T has over _____ subsidiaries?
- (a) 130
 - (b) 145
 - (c) 115
 - (d) 119
- Ans: (a)**
- 113.** By what name are the Education and Stationary products by ITC known in India?
- (a) Camel
 - (b) Apsara
 - (c) Natraj
 - (d) Classmate
- Ans: (d)**
- 114.** Which year L & T incorporated?
- (a) 1938
 - (b) 1937
 - (c) 1939
 - (d) 1941
- Ans: (a)**
- 115.** Where are the headquarters of L&T?
- (a) Bengaluru
 - (b) Delhi
 - (c) Mumbai
 - (d) Chennai
- Ans: (c)**

116. What is the commissioned capacity of NTPC?

- (a) 48,028MW
- (b) 32 GW
- (c) 45,280 MW
- (d) 32,380 MW

Ans: (a)

117. Who is the CMD of Power Grid Corporation of India Ltd.?

- (a) I.S. Jha
- (b) K Sreekant
- (c) Vishal Sikka
- (d) M.D. Ranganath

Ans: (a)

118. Who is the Chairman of NTPC?

- (a) Gurdeep Singh
- (b) Sanjiv Misra
- (c) Arundathi Battacharya
- (d) None of the above

Ans: (a)

119. Power System Operation Corporation Limited (POSOCO) is a subsidiary of:

- (a) IOCL
- (b) NTPC
- (c) ONGC
- (d) PGCIL

Ans: (d)

120. How much does ONGC contributes towards production of India's crude oil?

- (a) 23%
- (b) 37%
- (c) 77%
- (d) 63%

Ans: (c)

121. 'My customer First' is the Vision of which Bank?

- (a) SBI
- (b) Axis Bank
- (c) HDFC Bank
- (d) Bank of Baroda

Ans: (a)

122. Power System Operation Corporation Limited is a subsidiary of which company?

- (a) ONGC
- (b) Power Grid
- (c) IOC
- (d) NTPC

Ans: (b)

123. What is the Global banking platform by Edge Verve Systems (Infosys) called?

- (a) Mana
- (b) Finacle
- (c) Skava
- (d) Panaya Cloud Suite

Ans: (b)

124. Reliance Industries are into what type of Business?

- (a) Concentrated
- (b) Conservative
- (c) Conglomerate
- (d) None of the above

Ans: (c)

125. Which of the following is not a subsidiary of NTPC?

- (a) Kanti Bijlee Utpadan Nigam Limited
- (b) Patratu Vidyut Utpadan Nigam Limited
- (c) Bhartiya Rail Bijlee Company Limited
- (d) Kalinga Bidyutprasaran Nigam Private Limited

Ans: (d)

126. Which of the following is not a FMCG Company:

- (a) Patanjali
- (b) Colgate
- (c) Bajaj
- (d) Amul

Ans: (c)

Past Years Questions and Answers

2018– MAY

127. which of the following is incorrect:

- (a) ONGC is exploration company.
- (b) Incorporated is 1956.
- (c) Its headquarters is Ahmedabad
- (d) None of these.

Ans: (c)

128. SBI Bank has following characteristics:

- (a) It was incorporated in 1806
- (b) 5 associate banks and Bhartiya Mahila Bank were merged with State Bank of India with effect from 1 April, 2017
- (c) It has 14 subsidiaries.
- (d) All of the above.

Ans: (b)

129. Who founded Wipro Ltd.

- (a) Azim Premji
- (b) Mohamed Premji
- (c) Sam Watson
- (d) Steve Jobs.

Ans: (d)

- 130.** Which of the following is correct:
- (a) L & T and Cipla Ltd. are foreign company
 - (b) Nestle and IBM are foreign company
 - (c) NTPC is a MNC
 - (d) Tata Sons was founded in 1986.

Ans: (b)

- 131.** Which gas company owns India's largest pipeline network?
- (a) GAIL (India) Ltd.
 - (b) Bharat Petroleum Corporation Ltd.
 - (c) Reliance Industries Ltd.
 - (d) ONGC

Ans: (a)

- 132.** SBI was formerly known as:
- (a) Bank of Madras
 - (b) Bank of Calcutta
 - (c) Imperial Bank
 - (d) Indian Bank

Ans: (c)

- 133.** Where are the headquarters of Walmart ?
- (a) Arkansas, US
 - (b) California, US
 - (c) New York, US
 - (d) None of these.

Ans: (a)

- 134.** Intel's core values are:
- (a) Customer orientation, Discipline, Risk Taking
 - (b) Hard work, Passion, Great place to work
 - (c) Quality, Quantity Discipline
 - (d) None of these.

Ans: (a)

- 135.** When did Microsoft begin its business in india ?
- (a) 1990
 - (b) 1991
 - (c) 1995
 - (d) 1989

Ans: (a)

- 136.** Who was founder of Walmart?
- (a) Sam Walton
 - (b) Bret Biggs
 - (c) Greg Penner
 - (d) Luca Maestri

Ans: (a)

137. Indane LPG is the product of which corporation in India ?

- (a) IOCL
- (b) NTPC
- (c) ONGC
- (d) PGCIL

Ans: (a)

138. What is the global banking platform by Edge Verve System (Infosys) called?

- (a) Mana
- (b) Skava
- (c) Finacle
- (d) Cloud suite

Ans: (c)

2018 – NOVEMBER

139. Which of the following is a product of Apple Company.

- (a) Macbook and Macbook pro
- (b) i-pod & i-pad
- (c) Both (a) & (b)
- (d) None of these

Ans: (c)

140. Walmart is _____ production ?

- (a) Technology
- (b) Financing
- (c) Food
- (d) Retailing

Ans: (d)

141. “Good food, Good life” is a tag line of :

- (a) Walmart
- (b) Cipla Ltd.
- (c) L.G.
- (d) Nestle

Ans: (d)

142. Which of the following is State owned company.

- (a) HDFC Company
- (b) Coal India Limited
- (c) GOI Company
- (d) Cipla Company

Ans: (b)

143. Which is not a American Multinational Technology Company.

- (a) IBM corporation
- (b) Microsoft corporation
- (c) Wipro ltd.
- (d) Intel corporation

Ans: (c)

144. The Headquarters of Deutsche Bank is in:

- (a) US
- (b) Germany
- (c) India
- (d) Switzerland

Ans: (b)

2019– MAY

145. The Headquarter of Nestle is in

- (a) Vevey, Switzerland
- (b) Basel, Switzerland
- (c) Zurich, Switzerland
- (d) Interlaken, Switzerland

Ans: (a)

146. Which of the following is not a subsidiary of Indian Oil corporation Ltd.

- (a) Indian Catalyst Private Ltd.
- (b) Brahmaputra Cracker and Palymer Ltd.
- (c) Chennai Petroleum Ltd.
- (d) None of the above

Ans: (b)

147. Who is Chairman of Infosys ?

- (a) K.V. Kamanth
- (b) Nandan Nilakeni
- (c) Sudha Murthy
- (d) Vishal Sikha

Ans: (b)

148. Which of the following is not related to ITC Limited?

- (a) kolkata
- (b) 1910
- (c) Yogesh Chander Deveshwar
- (d) Vishal Sikka

Ans: (d)

149. Walmart Slogan

- (a) Happy life, Good food
- (b) Better food, Low cost
- (c) Good food, Good life
- (d) Save money, Live better

Ans: (d)

150. Who is the present MD & CEO of ICICI Bank

- (a) Shika Sharma
- (b) M.K. Sharma
- (c) Sandeep Bakshi
- (d) Chanda Kochar

Ans: (c)

151. What happened in Microsoft in the year 2014
(a) Satya Nadella Succeeded on Steve Ballmer
(b) Acquired Hardware division of NOKIA
(c) Both (a) and (b)
(d) None of the above

Ans: (c)

2019– NOVEMBER

152. 'Caring for life' is symbol of which company?
(a) Cipla Ltd.
(b) Nestle
(c) Dr. Reddy's Laboratory
(d) None

Ans: (a)

153. Who founded Wipro limited?
(a) Azim Premji
(b) Mohamed Premji
(c) Champaklal M. Choksi
(d) None

Ans: (b)

154. Which Bank provides the digital services PayZapp?
(a) Axis Bank Limited
(b) HDFC Bank Limited
(c) ICICI Bank Limited
(d) SBI

Ans: (b)

155. Who is the current CEO of ICICI Bank's?
(a) Sandeep Bakshi
(b) Chandra Kachhar
(c) Vijay Channdok
(d) Shweta Bansal

Ans: (a)

156. Where are the headquarters of L and T?
(a) Bengaluru
(b) Delhi
(c) Mumbai
(d) Chennai.

Ans: (c)

2020– NOVEMBER

157. Who has the vision "To attain world class Excellency by demonstrating value added products to customers".
(a) IBM corporation
(b) Bajaj
(c) Microsoft corporation
(d) American empress

Ans: (b)

158. Which of the following is a multinational financial service corporation ?

- (a) IBM corporation
- (b) Walmart
- (c) Microsoft corporation
- (d) American Express

Ans: (d)

159. In 1981, 7 engineers in Pune, founded the following company:

- (a) L and T
- (b) Infosys
- (c) Wipro
- (d) TCS

Ans: (b)

160. Which of the following company ranked first in fortune 500 company list 2019?

- (a) Walmart
- (b) Microsoft
- (c) Intel
- (d) American Express

Ans: (a)

161. To help individuals and business realize their full potential. Is the vision of

- (a) Cognizant
- (b) Apple
- (c) Microsoft
- (d) Walmart

Ans: (c)

162. Axis Bank Ltd. was incorporated in the year _____.

- (a) 1994
- (b) 1993
- (c) 1990
- (d) 1998

Ans: (b)

163. Which of the following is not a state-owned company?

- (a) GAIL
- (b) Coal India Ltd.
- (c) BPCL
- (d) GOI Company

Ans: (d)

164. Which bank provides the digital services chillr?

- (a) Axis Bank
- (b) American Express Bank
- (c) HDFC
- (d) SBI

Ans: (c)

165. Which of the following IT companies is not based on the US?

- (a) Microsoft Corporation
- (b) Intel Corporation
- (c) HCL Technologies Ltd.
- (d) IBM Corporation

Ans: (c)

166. When was Reliance Industries Ltd. incorporated?

- (a) 1965
- (b) 1966
- (c) 1978
- (d) 1959

Ans: (b)

167. State Bank of India was formerly known as:

- (a) Bank of Madras
- (b) Bank of Calcutta
- (c) Imperial Bank
- (d) Indian Bank

Ans: (c)

168. Which Bank provides the digital service Payzapp?

- (a) Axis Bank Limited
- (b) HDFC Bank Limited
- (c) ICICI Bank Limited
- (d) SBI

Ans: (b)

169. Power System Operation Corporation Limited (POSOCO) is a subsidiary of:

- (a) IOCL
- (b) NTPC
- (c) ONGC
- (d) PGCIL

Ans: (d)

CHAPTER 4

GOVERNMENT POLICIES FOR BUSINESS GROWTH

MULTIPLE CHOICE QUESTIONS

1. Which of the following is a type of economic system?
- (a) Capital Economy
 - (b) Socialist Economy
 - (c) Mixed Economy
 - (d) All of the above

Ans: (d)

2. _____ is process of eliminating unnecessary controls and restrictions on smooth functioning of business enterprise.
- (a) Privatization
 - (b) Globalization
 - (c) Liberalization
 - (d) None of the above

Ans: (c)

3. Liberalisation does not include:
- (a) Abolishing industrial licensing requirement
 - (b) Freedom in fixing prices of goods and services
 - (c) Restriction in deciding the scale of business activity
 - (d) Simplifying the procedure for imports and exports

Ans: (c)

4. Following not an objective of privatisation.
- (a) Improving the performance of PSU's
 - (b) Decreasing the size of private sector
 - (c) Reducing administrative burden
 - (d) Revenue generation

Ans: (b)

5. Economic Policies are framed by
- (a) Private
 - (b) Business
 - (c) Government
 - (d) Semi-Government

Ans: (c)

6. Partial or full disposal of an investment or an asset through sale, exchange, closure or bankruptcy is called as
- (a) Divestiture
 - (b) Environment withdrawal
 - (c) Denationalization
 - (d) Reprivatization

Ans: (a)

7. Policies which facilitates an activity are known as

- (a) Restrictive Policies
- (b) Regulatory Policies
- (c) Facilitating Policies
- (d) None of these

Ans: (c)

8. Public policy is whatever government chooses to do or not to do was said by

- (a) Martin Luther
- (b) Richard Rose
- (c) Thomas R Dye
- (d) Alfred Marshall

Ans: (c)

9. Which of the following is/are the characteristics of a good public policy

- (a) Public Policy is goal oriented
- (b) Public Policy is the outcome of government's collective action.
- (c) Public Policy is positive in the sense that it depicts the concern of the government
- (d) All of these

Ans: (d)

10. OCBs stands for

- (a) Over the Counter Bodies
- (b) Overseas Country Board
- (c) Overseas Corporate Bodies
- (d) Overseas Country Borrowings

Ans: (c)

11. MIGA stands for

- (a) Multinational Investment Guarantee Agency
- (b) Multidimensional Investment Guarantee Agency
- (c) Multilateral Investment Guarantee Agency
- (d) Model Investment Guarantee Agency

Ans: (c)

12. Policies meant for specific segments of society are called

- (a) Regulatory Policies
- (b) Distributive Policies
- (c) Facilitating Policies
- (d) Restrictive Policies

Ans: (b)

13. The private enterprise expands and gradually displaces the government entity. This concept is known as

- (a) Delegation
- (b) Divestment
- (c) Displacement
- (d) Disinvestment

Ans: (c)

14. FEMA replaces the FERA as legislation in
(a) 1991
(b) 1999
(c) 2005
(d) 2016

Ans: (b)

15. SEBI, IRDA, RBI all are examples of
(a) Regulatory Institutions
(b) Private Institutions
(c) Foreign Institution
(d) Nationalised Banks

Ans: (a)

16. A _____ emanates from decision and decision is taken in line with the _____.
(a) Policy; Goal
(b) Budget; Plan
(c) Plan; Budget
(d) Goal; Policy

Ans: (a)

17. Full form of NOCIL
(a) National Organic Chemicals Industries Limited
(b) National Organic Chemicals Industries Limited
(c) National Organic Compost Industries Limited
(d) National Organic Chemicals In London

Ans: (a)

18. In which of the following sectors Foreign Direct Investment is not allowed
(a) Automobile
(b) Agriculture
(c) Textiles
(d) Infrastructure

Ans: (b)

19. Foreign Direct Investment is allowed in
(a) Tea Plantation
(b) Sugar Cane Plantation
(c) Animal Husbandry
(d) All of these

Ans: (a)

20. When FERA is converted into a FEMA:
(a) 1934
(b) 1928
(c) 1999
(d) 1997

Ans: (c)

21. Fiscal policy, EXIM policy, Industrial policy etc. are types of Policies.

- (a) Private
- (b) Business
- (c) Government
- (d) Semi-Government

Ans: (c)

22. When did Government of India introduced a change in Economic Policy

- (a) 1892
- (b) 1991
- (c) 1895
- (d) 1781.

Ans: (b)

23. _____ is a course or principle of action adopted or proposed by an organization or individual.

- (a) Rule
- (b) Procedure
- (c) Policy
- (d) Strategy

Ans: (c)

24. MNCs have to align their operations according to the_____ of those nations where from they operate.

- (a) Government policy
- (b) Public policy
- (c) Business Policy
- (d) Trade policy

Ans: (b)

25. Identify the one which may be considered as a public policy:

- (a) A decision by a central government to purchase a fleet of cars
- (b) An old building to be demolished by a municipal corporation
- (c) All citizens are to be provided with biometric aadhar card
- (d) Government passes a special resolution to change the name of a park

Ans: (c)

26. Public Policies on monetary aspects, economy, market, taxes etc. are reflected in

- (a) Annual Budget
- (b) Annual Report
- (c) National Survey report
- (d) None of the above

Ans: (a)

27. _____ is a plan or course of action, of a Government, intended to influence and determine decisions, actions, and other matters.

- (a) Public Policy
- (b) Business policy
- (c) Government Policy
- (d) Trade policy

Ans: (c)

28. Which of the following statement is correct?
- (a) A Policy emanates from decision is taken in line with the goal
 - (b) A Decision emanates from policy and policy is taken in line with the goal
 - (c) A goal emanates from decision and decision is taken in line with the policy
 - (d) A Policy emanates from goal and decision is taken in line with the goal

Ans: (a)

29. Public Policies are always _____. Fill in the gap by taking the appropriate expression from the following:
- (a) Goal oriented
 - (b) Minutely defined
 - (c) Pro-rich
 - (d) For the poor

Ans: (a)

30. Targets of the Government is called-
- (a) Decision
 - (b) Policy
 - (c) Objective
 - (d) Goal

Ans: (d)

31. Policy is concerned with the-
- (a) Targets of the Government
 - (b) General welfare and development of the Society
 - (c) Choosing one particular course of action, out a many alternatives available
 - (d) All of the above

Ans: (b)

32. Act of making choice is called
- (a) Decision
 - (b) Judgement
 - (c) Assessment
 - (d) Selection

Ans: (a)

33. Gabriel Almond popularized the idea of a-
- (a) Political Culture
 - (b) Social Culture
 - (c) Politics-policy relationship
 - (d) None of the above

Ans: (a)

34. David Easton propounded a Model on Politics-Policy Relationship known as-
- (a) Feedback
 - (b) Black Box Model
 - (c) White Box Model
 - (d) both (a) and (b)

Ans: (d)

35. OCBs mean:
- (a) Overseas Corporate Bodies
 - (b) Ordnance Commission Bilateral secretariat
 - (c) Oversees Civic Boards
 - (d) Oversees Commercial Bilateral Treaties

Ans: (a)

36. The Governments try to look for some avenues to look for a feedback process towards Public Policy.
These processes are known as –
- (a) Policy Developments
 - (b) Policy Reforms
 - (c) Policy changes
 - (d) None of the above

Ans: (b)

37. Policies based on nature of economy is classified as-
- (a) Developed Economy, Emerging Economy, Socialist and Communist States
 - (b) Monarchy, Aristocracy, and Democracy
 - (c) Urban, Rural and Semi-urban
 - (d) None of the above

Ans: (a)

38. FEMA replaced FERA as legislation in:
- (a) 1991
 - (b) 1992
 - (c) 1999
 - (d) 2006

Ans: (c)

39. Which of the following is not an example of Public Policy?
- (a) Restructuring of Government debts
 - (b) Separate compartment for Women in trains
 - (c) To make Rive Ganga pollution free
 - (d) None of the above

Ans: (d)

40. Public Policies are classified as-
- (a) Positive, Negative, Neutral
 - (b) Regulatory, Facilitative, Restrictive and Distributive
 - (c) govt. driven, business driven and people driven
 - (d) None of the above

Ans: (b)

41. Waiving of farm loans is an example of-
- (a) Regulatory Policy
 - (b) Facilitative Policy
 - (c) Restrictive Policy
 - (d) Distributive Policy

Ans: (d)

42. Establishment of Central Board of Film Certification is an example of-
- (a) Regulatory Policy
 - (b) Facilitative Policy
 - (c) Restrictive Policy
 - (d) Distributive Policy

Ans: (a)

43. Reforms in Dowry Act and Divorce Act are the Examples of:
- (a) Economic Reforms
 - (b) Cultural Reforms
 - (c) Commercial Reforms
 - (d) Socio-cultural Reforms

Ans: (d)

44. The process by which a legislative proposal is brought before a law making body and then translated into the law of the land is called-
- (a) Policy Drafting
 - (b) Law making
 - (c) Presenting the law
 - (d) None of the above

Ans: (b)

45. Law making body at the Central Level in India-
- (a) Vidhan Sabha
 - (b) Lok Sabha
 - (c) Vidhan Parishad
 - (d) All the above

Ans: (b)

46. Law making body at the State Level in India-
- (a) Rajya Sabha
 - (b) Lok Sabha
 - (c) Vidhan Parishad
 - (d) All the above

Ans: (c)

47. The Lower House in State Legislature-
- (a) Rajya Sabha
 - (b) Vidhan Sabha
 - (c) Lok Sabha
 - (d) Vidhan Parishad

Ans: (b)

48. The Upper House in State Legislature –
- (a) Rajya Sabha
 - (b) Vidhan Parishad
 - (c) Lok Sabha
 - (d) Vidhan Parishad

Ans: (b)

49. When a state has both Vidhan Sabha and Vidhan Parishad, the Proposed Bills should be passed-
- (a) Atleast in the Vidhan Sabha
 - (b) Atleast in the Vidhan Parishad
 - (c) Both Vidhan Sabha and Vidhan Parishad
 - (d) At the discretion of the State

Ans: (a)

50. Decisions on annual financial spending, Taxes and Duties and Military spending are considered in:
- (a) Policies
 - (b) Budget
 - (c) Goal setting
 - (d) Long term planning process

Ans: (b)

51. The Economic Change Process is characterized by –
- (a) Liberalization
 - (b) Privatization
 - (c) Globalization
 - (d) All of the above

Ans: (d)

52. The Economic policy which refers to the gradual decrease in Government command and control over the economic policies-
- (a) Liberalization
 - (b) Privatization
 - (c) Globalization
 - (d) Delegation

Ans: (a)

53. Transfer of Government Ownership to private hands is called-
- (a) Nationalization
 - (b) Globalization
 - (c) Privatization
 - (d) Liberalization

Ans: (c)

54. Which of the following institutions has been scrapped recently?
- (a) Minerals and Metals Regulatory Commission
 - (b) Coal India Limited
 - (c) Planning Commission
 - (d) FIPB

Ans: (c)

55. Which of the following is an impact of Liberalization?
- (a) Divestment
 - (b) Foreign Direct Investment
 - (c) Rapid restructuring and reforming of the PSUs
 - (d) All of the above

Ans: (b)

56. Privatization may have an adverse effect on –
- (a) Growth and expansion of Industries
 - (b) Enhancing efficiency, quality and competitiveness
 - (c) Employee morale generating fear of dislocation or termination
 - (d) All of the above

Ans: (c)

57. FDI involves the acquisition of atleast_____of the voting power in an Enterprise by Foreign Investors.
- (a) 25%
 - (b) 51%
 - (c) 10%
 - (d) 20%

Ans: (c)

58. Who cannot be a Foreign Direct Investor?
- (a) Governments or Government Agencies
 - (b) Estates, Trusts, or other organizations
 - (c) Unincorporated Private or Public Enterprises
 - (d) None of the above

Ans: (d)

59. A Watch Company of Malaysia investing in a textile Company in India is an example of-
- (a) Horizontal FDI
 - (b) Vertical FDI
 - (c) Conglomerate FDI
 - (d) None of the above

Ans: (c)

60. _____ is a process in which the Resident of one Country acquires ownership of Financial Assets/Securities in another Country.
- (a) Foreign Direct Investment
 - (b) Foreign Industrial Investment
 - (c) Foreign Portfolio Investment
 - (d) None of the above

Ans: (c)

61. Which of the following statements is not true about FPI ?
- (a) Speculative in nature
 - (b) Increase in Output, Employment, Wage Levels, etc
 - (c) No interest in Management or Control
 - (d) Constitutes Investment in Nominal Capital

Ans. (b)

62. In India, Foreign Investments is prohibited in-
- (a) Chit Funds
 - (b) Real Estate
 - (c) Cigar manufacturing
 - (d) constitutes Investment in Nominal Capital

Ans. (d)

63. The form of privatization, where government keeps hold of responsibility and private enterprise handles the management of it fully or partly is known as:
- (a) Disinvestment
 - (b) Deregulation
 - (c) Delegation
 - (d) Decentralization

Ans. (c)

64. A category of Facilitators, who operate to ease the doing of business-
- (a) Business Facilitators
 - (b) Trade Facilitators
 - (c) Industry Facilitators
 - (d) All the above

Ans. (a)

65. An example of Point of Contact (POC) Business Facilitators
- (a) Transport Agency
 - (b) Business Incubator
 - (c) Bank
 - (d) Insurance Company

Ans. (b)

66. SEBI, RBI and IRDA are:
- (a) Regulatory Institutions
 - (b) Policy Institutions
 - (c) Re-Financing of Loans and Advances given by the Primary Lending Institutions
 - (d) Goal setting bodies

Ans. (a)

67. A _____ emanates from decision and decision is taken in line with _____. Identify the right expression to __II in the blanks:
- (a) Policy ; Goal
 - (b) Budget; Plan
 - (c) Plan; Budget
 - (d) Goal; Plan

Ans. (a)

68. In case of Maruti-Suzuki, the Union Government surrendered partial ownership and sold the majority stake to Suzuki of Japan in course of time. This is a case of:
- (a) Partial Disinvestment
 - (b) Displacement
 - (c) Delegation
 - (d) Divestment

Ans. (d)

69. In case of NOCIL (National Organic Chemicals Industries Limited), the Reliance Industries Limited as a private enterprise expanded and gradually displaced the government entity. It was a case of:
- (a) Partial Disinvestment
 - (b) Complete Privatization
 - (c) Delegation
 - (d) Displacement

Ans. (d)

70. Blackrock invested 30 million USDs as a portfolio investor in Indian stock market. This may be a case of:
- (a) FDI
 - (b) FII Investment
 - (c) Indirect investment
 - (d) NRI investment
- Ans. (b)**
71. In order to take a decision, there must be _____ course of action. Fill in the blank space with appropriate expression.
- (a) One
 - (b) Specific
 - (c) Financial
 - (d) More than one
- Ans. (d)**
72. FDI in sectors/ activities which do not require any prior approval either of the Government or the Reserve Bank of India is identified as:
- (a) Green Channel
 - (b) Priority
 - (c) Non-Commercial Route
 - (d) Automatic Route
- Ans. (d)**
73. The method of FDI other than Automatic route is called:
- (a) NRI Route
 - (b) Government Route
 - (c) Institutional Route
 - (d) Priority Route
- Ans. (b)**
74. FIPB stands for:
- (a) Foreign Institutional Promotion Board
 - (b) Foreign Institutional Preparatory Board
 - (c) Foreign Investment Priority Board
 - (d) Foreign Investment Promotion Board
- Ans. (d)**
75. Identify the sector where, FDI is not permitted:
- (a) Automobile
 - (b) Infrastructure
 - (c) Textile
 - (d) Real Estate
- Ans. (d)**
76. Simplification of trade restrictions related to import is an example of :
- (a) Globalization
 - (b) Privatization
 - (c) Disinvestment
 - (d) Aggregation
- Ans. (a)**

77. Sale of 50% stake in a PSU to a single private sector company is an example of:

- (a) Displacement of stake
- (b) Decentralization of Authority
- (c) Delegation of stake
- (d) Disinvestment to form a Joint Venture

Ans. (d)

78. Hyundai India Limited came to India through the FDI route. It followed the path of :

- (a) Divestment in Public Sector Unit
- (b) Joint Venture
- (c) By creating a 100% Indian subsidiary
- (d) Replacement of government sector business.

Ans. (c)

79. FDI is allowed in:

- (a) Tea Plantation
- (b) Coconut Plantation
- (c) Sugarcane Plantation
- (d) All of the above

Ans. (d)

80. After independence, India followed a:

- (a) Socialistic Path of Development
- (b) Common wealth Model of Growth
- (c) Mixed Economic Path
- (d) Capitalistic Model of Development

Ans. (c)

81. FDI Limit in Insurance Sector is-

- (a) 39%
- (b) 49%
- (c) 29%
- (d) 59%

Ans. (b)

Past Years Questions and Answers

2018 – MAY

82. Government holds responsibility as private sector handles fully and partly the product and services.

- (a) Delegation
- (b) Divestment
- (c) Displacement
- (d) Disinvestment

Ans: (a)

83. Globalization means:

- (a) Taking off restrictions in export and import of goods and services
- (b) Gradual decrease in government command and control over economic policies
- (c) Transfer of government ownership to private hands
- (d) None of these

Ans: (a)

84. Which of the following is correct?
(a) Government looks for FII's over FDI's for investment purposes
(b) There is no restriction in any sector for FDI
(c) There is limitation on some sectors for FDI
(d) All of these.

Ans: (c)

85. A _____ emanates from decision and decision is taken in line with _____ identify the right expression to fill in the blanks,
(a) Policy, Goal
(b) Plan, Budget
(c) Goal, Plan
(d) Budget, Plan

Ans: (a)

2018 – NOVEMBER

86. NITI Aayog replaced:
(a) Planning Commission
(b) Election Commission
(c) MRTP Commission
(d) Financial Commission

Ans: (a)

87. _____ makes the trade between two countries more difficult or expensive.
(a) Barrier to entry
(b) Barrier to trade
(c) Custom duty
(d) None of these

Ans: (b)

88. 100% FDI investment allowed in which year?
(a) 2010
(b) 2012
(c) 2014
(d) 2004

Ans: (b)

89. Gradual decrease in government command and control and over the economic policies:
(a) Globalization
(b) Privatization
(c) Liberalization
(d) None of the above.

Ans: (c)

2019 – MAY

90. Which of the following is type of Public Policies.
(a) Facilitative Policy
(b) Regulatory Policy
(c) Restrictive Policy
(d) All of these

Ans: (d)

91. FEMA replaced FERA in

- (a) 2004
- (b) 2000
- (c) 1991
- (d) 1999

Ans: (d)

92. Who cannot be a Foreign Direct investor?

- (a) Governments or Government Agencies
- (b) Estates, Trusts, or Government Agencies
- (c) Unincorporated Private or Public Enterprises
- (d) None of the above

Ans: (d)

93. LPG stand for.

- (a) Liberalisation
- (b) Privatization
- (c) Globalisation
- (d) All of the these

Ans: (d)

2019 – NOVEMBER

94. Government holds responsibility as private sector handles fully and partly the product and services:

- (a) Delegation
- (b) Displacement
- (c) Divestment
- (d) Disinvestment

Ans: (a)

95. The partial or full disposal of an investment or asset through sale, exchange, closure or bankruptcy is called as:

- (a) Divestiture
- (b) Denationalisation
- (c) Delegation
- (d) Disinvestment

Ans: (a)

96. 50% or more of shares are transferred to private entities:

- (a) Disinvestment
- (b) Delegation
- (c) Divestment
- (d) Displacement

Ans: (a)

97. The private enterprise expands and gradually displaces the government entity:

- (a) Delegation
- (b) Divestment
- (c) Displacement
- (d) Disinvestment

Ans: (c)

98. FDI prohibited at both routes:

- (a) Nidhi
- (b) Media
- (c) Real Estate
- (d) Shell Company

Ans: (b)

99. FDI is all owed in:

- (a) Tea Plantation
- (b) Coconut Plantation
- (c) Sugarcane Plantation
- (d) None

Ans: (a)

100. In which of the following policy curtail all benefits?

- (a) Regulative
- (b) Restrictive
- (c) Facilitative
- (d) None

Ans: (b)

2019 – NOVEMBER

101. Government keeps the hold of responsibility and private enterprise handle fully or partly the delivery of product and services. Such type of concept of privatization is known as.

- (a) Divestment
- (b) Displacement
- (c) Disinvestment
- (d) Delegation

Ans: (d)

102. The formation of National Skills and Development Corporation (NSDC) is an example of which of the following type of public policy?

- (a) Restrictive
- (b) Social
- (c) Facilitating
- (d) Regulating

Ans: (c)

103. Taking of restrictions in import and export of goods is:

- (a) Liberalization
- (b) Privatization
- (c) Globalization
- (d) Capitalization

Ans: (c)

104. Selling of a portion of ownership from public enterprise to private parties:

- (a) Disinvestment
- (b) Investment
- (c) Delegation
- (d) Deregulation

Ans: (a)

105. In which of the following FDI is prohibited under both government route as well as the automatic route?
- (a) Atomic Energy
 - (b) Solar Energy
 - (c) Wind energy
 - (d) Biomass energy

Ans: (a)

2021 – JANUARY

106. Hyundai India Limited came to India through the FDI route. It followed the path of:

- (a) Divestment in public sector unit
- (b) Joint Venture
- (c) By creating a 100% Indian Subsidiary
- (d) Replacement of a government Sector Business.

Ans: (c)

107. Decisions on annual financial spending taxes and duties and military spending are considered in:

- (a) Policies
- (b) Budget
- (c) Goal setting
- (d) Long terms planning process

Ans: (b)

108. In order to take a decision, there must be.....course of action. Fill in the blank space with appropriate expression.

- (a) One
- (b) Specific
- (c) Financial
- (d) More than one

Ans: (d)

109. Simplifications of trade restrictions related to import is an example of.

- (a) Globalization
- (b) Privatization
- (c) Disinvestment
- (d) Aggregative

Ans: (a)

110. Where there is no approval through automatic route for FDI the company has to seek permission from:

- (a) RBI
- (b) MCA
- (c) Foreign Institutional investors
- (d) Foreign Institutional Promotion Board

Ans: (a)

111. Industrial policy was first reformed through:

- (a) The New Industrial Policy, 1999
- (b) The New Industrial Policy, 1991
- (c) The New Industrial Policy, 1990
- (d) The New Industrial Policy, 1997

Ans: (b)

112. The private enterprise expands and gradually displaces the government entity in which of the following type?

- (a) Delegation
- (b) Disinvestment
- (c) Divestment
- (d) Displacement

Ans: (d)

CHAPTER 5

ORGANISATIONS FACILITATING BUSINESS

MULTIPLE CHOICE QUESTIONS

1. Which of the following persons organises shipments for the business firms to get goods from manufacturer to the market
- (a) Freight forwarder
 - (b) Business Incubator
 - (c) Financial Consultant
 - (d) Merchandiser

Ans: (a)

2. He advises the business of various sources of finance.
- (a) Freight forwarder
 - (b) Business Incubator
 - (c) Financial Consultant
 - (d) Merchandiser

Ans: (c)

3. _____ helps to create and grow young business by providing them necessary support
- (a) Freight forwarder
 - (b) Business Incubator
 - (c) Financial Consultant
 - (d) Merchandiser

Ans: (b)

4. Fashion house obtains its supplies for his business. It is an example of
- (a) Freight forwarder
 - (b) Merchandiser
 - (c) Business Incubator
 - (d) Director

Ans: (b)

5. RBI was established on _____
- (a) 1st April, 1953
 - (b) 1st April, 1935
 - (c) 10th April 1953
 - (d) 10th April 1935

Ans: (b)

6. Issue of currency, custodian of foreign exchange reserves, Banker's bank all are the function of
- (a) RBI
 - (b) SBI
 - (c) SEBI
 - (d) EXIM Bank

Ans: (a)

7. One percent is equal to _____ basis points
- (a) Hundred
 - (b) Ten
 - (c) Thousand
 - (d) One

Ans: (a)

8. SLR and CRR are which type of measures of credit control

- (a) Quantitative
- (b) Qualitative
- (c) Preliminary
- (d) None of these

Ans: (a)

9. Rate at which bank borrow money from RBI against pledging or sale of government securities to RBI

- (a) Repo Rate
- (b) Reverse Repo Rate
- (c) Bank Rate
- (d) Discount Rate

Ans: (a)

10. Rate of interest offered by RBI, when banks deposit their surplus funds with the RBI for short periods

- (a) Repo Rate
- (b) Reverse Repo Rate
- (c) Bank Rate
- (d) Discount Rate

Ans: (b)

11. SEBI, Act come into force with effect from

- (a) 30th January, 1991
- (b) 30th January, 1992
- (c) 31st January, 1991
- (d) 30th January, 1992

Ans: (d)

12. Head Quarter of SEBI is at

- (a) Mumbai
- (b) New Delhi
- (c) Chennai
- (d) Ahmedabad

Ans: (a)

13. SEBI drafts regulations in its

- (a) Legislative Capacity
- (b) Judicial Capacity
- (c) Executive Capacity
- (d) None of these

Ans: (a)

14. SEBI conducts investigation and enforcement action in its _____ functions

- (a) Quasi – Legislative
- (b) Quasi – Judicial
- (c) Quasi – Executive
- (d) None of these

Ans: (c)

15. _____ was enacted to prevent practices having an appreciable adverse effect competition.
- (a) Competition Act, 2002
 - (b) SEBI Act, 1993
 - (c) Indian Contract Act, 1872
 - (d) Companies Act, 2013
- Ans: (a)**
16. _____ is the apex statutory body which regulates and develops insurance industry in India
- (a) IRDAI
 - (b) SEBI
 - (c) SIDBI
 - (d) CCI
- Ans: (a)**
17. Ratio of cash to the total deposits that the banks are required to maintain on a daily Basis
- (a) SLR
 - (b) CRR
 - (c) Gaining Ratio
 - (d) Sacrificing Ratio
- Ans: (b)**
18. Ratio representing liquid assets of bank to their deposit liabilities
- (a) SLR
 - (b) CRR
 - (c) Gaining Ratio
 - (d) Sacrificing Ratio
- Ans: (a)**
19. NABARD stands for
- (a) Nodal Bank Agriculture and Rural Development
 - (b) National Board for Agriculture and Rural Development
 - (c) National Bank for Agro and Rural Dealing
 - (d) National Bank for Agriculture and Rural Development
- Ans: (d)**
20. Who was the regulatory body for controlling financial in India before SEBI
- (a) Reserve Bank of India
 - (b) Controller of Capital Issues
 - (c) Insurance Regulatory and Development Authority of India
 - (d) SIDBI
- Ans: (b)**
21. First appeal against SEBI can be made in
- (a) High Court
 - (b) Supreme Court
 - (c) Securities Appellate Tribunal
 - (d) RBI
- Ans: (c)**

22. Who was the regulatory body for controlling financial affairs in India before SEBI?
(a) Controller of Capital Issues
(b) Reserve Bank of India
(c) Insurance Regulatory and Development Authority of India
(d) Government of India

Ans. (a)

23. When was SEBI constituted?
(a) 1988
(b) 1990
(c) 1986
(d) 1989

Ans. (a)

24. NABARD refines the financial institutions which finances the _____
(a) Urban sector
(b) Rural sector
(c) Secondary sector
(d) Service sector

Ans. (b)

25. How many members of SEBI should be from RBI?
(a) 4
(b) 3
(c) 1
(d) 2

Ans. (c)

26. NABARD serves as an apex financing agency for the institutions providing investment and production credit for promoting the various developmental activities in _____
(a) Rural areas
(b) Urban areas
(c) Sub-urban areas
(d) All of the above

Ans. (a)

27. Where can the first appeal against SEBI be made?
(a) High Court
(b) Supreme Court
(c) Securities Appellate Tribunal
(d) RBI

Ans. (c)

28. Who regulates the currency in the country?
(a) SEBI
(b) RBI
(c) Central Bank
(d) Finance Ministry

Ans. (b)

29. NABARD is the most important institution in the country which looks after the development of the
- (a) Cottage industry,
 - (b) Small industry
 - (c) Village industry
 - (d) All of the above

Ans. (d)

30. Who of the following is not primarily a profit seeking institution?
- (a) NABARD
 - (b) EXIM Bank
 - (c) SIDBI
 - (d) RBI

Ans. (d)

31. The RBI has been vested with extensive power to control and supervise commercial banking system under which Act?
- (a) The Reserve Bank of India Act, 1933
 - (b) The Reserve Bank of India Act, 1934
 - (c) The Reserve Bank of India Act, 1935
 - (d) The Reserve Bank of India Act, 1936

Ans. (b)

32. The Reserve Bank of India being the Central Bank of India performs all the central banking functions. Which one of the following is not the functions of RBI?
- (a) Issue of currency
 - (b) Banker to the government
 - (c) Watchdog of the unethical competition in the market
 - (d) Custodian of the nation's foreign exchange reserves

Ans. (c)

33. Which one of the following is not the role of the Competition Commission of India?
- (a) To promote practices having adverse effect on competition
 - (b) To promote and sustain competition in markets
 - (c) To Protect the interests of consumers and
 - (d) To ensure freedom of trade carried on by other participants in markets in India.

Ans. (a)

34. When was IRDAI constituted?
- (a) 1997
 - (b) 1998
 - (c) 1999
 - (d) 2000

Ans. (c)

35. Which Section of IRDAI Act, 1999 lays down the duties, powers and functions of IRDAI?
- (a) Section 10
 - (b) Section 12
 - (c) Section 14
 - (d) Section 5

Ans. (c)

36. Who is the custodian of the nation's foreign exchange reserves?

- (a) Central Government of India
- (b) President of India
- (c) Reserve Bank of India
- (d) State Bank of India

Ans. (c)

37. Which of the following statements about RBI is incorrect?

- (a) It deals largely with Governments, Central and State Banks.
- (b) Its role is to ensure monetary stability, including stability of domestic price levels.
- (c) One of its missions is to protect the interest of policy holders.
- (d) The RBI is the sole authority for the issue of currency in India.

Ans. (c)

38. The RBI has been vested with extensive power to control and supervise commercial banking system under the-

- (a) Reserve Bank of India Act, 1934
- (b) The Banking Regulation Act, 1949
- (c) Both (a) and (b)
- (d) None of the above

Ans. (c)

39. For the discharge of its functions efficiently, SEBI has been vested with the following powers:

- (a) To approve by-laws of stock exchanges
- (b) To inspect the books of accounts and call for periodical returns from recognized stock exchanges.
- (c) To compel certain companies to list their shares in one or more stock exchanges.
- (d) All of the above

Ans. (d)

40. Provision of finance for agriculture is now handled by

- (a) A chairperson and 6 members appointed by the Central Government
- (b) Small Industries Development Bank of India (SIDBI)
- (c) Reserve Bank of India (RBI)
- (d) National Bank for Agriculture and Rural Development (NABARD)

Ans. (d)

41. What is the constitution of Competition Commission of India?

- (a) A chairperson and 6 members appointed by the Central Government
- (b) A chairperson and 5 members appointed by the Central Government
- (c) A chairperson and 5 members appointed by the RBI
- (d) A chairperson and 6 members appointed by the RBI

Ans. (a)

42. NABARD is a-

- (a) Bank
- (b) Board
- (c) Exchange Programmer for consumer goods
- (d) Department

Ans. (a)

43. SEBI has several functions rolled into one body. Which one of the following is not the function of SEBI?
(a) Quasi-legislative
(b) Quasi-judicial
(c) Quasi-professional
(d) Quasi-executive
Ans. (c)
44. Which of the following is not correct about RBI?
(a) Central Bank of our country
(b) Apex Monetary Institution of the highest authority in India
(c) It has the responsibility for controlling the country's EXIM Policy
(d) It is the Custodian of the Nation's Foreign Exchange Reserves
Ans. (c)
45. RBI Nationalized in _____.
(a) 1949
(b) 1969
(c) 1935
(d) 1991
Ans. (a)
46. Which of the following is not a development bank?
(a) IFCI
(b) NABARD
(c) EXIM
(d) SBI
Ans. (d)
47. Central Bank is one which constitutes the –
(a) Apex of the monetary and banking structure
(b) Base of the monetary and banking structure
(c) At the middle of the monetary and banking structure
(d) None of the above
Ans. (a)
48. Which of the following is the monetary authority of a country?
(a) Government of the country
(b) Banking system of the country
(c) The Central Bank of the country
(d) All of these
Ans. (c)
49. Identify which of these is not a function of the Central Bank.
(a) Custodian of Foreign Exchange Reserves
(b) Issue of Currency
(c) Paying interest on deposits obtained from the public
(d) Custodian of Cash Reserves
Ans. (c)

50. Identify which of these is not a function of the Central Bank.

- (a) Formulating the Government Budget.
- (b) Banker of Banks
- (c) Arranging for clearing arrangements between Banks
- (d) All of the above

Ans. (a)

51. Identify which of these is not a function of the Central Bank.

- (a) Clearing arrangements among Banks
- (b) Implementing Government's monetary policy
- (c) Specifying Income Tax Rates
- (d) Custody of Cash Reserves

Ans. (c)

52. Which of the following is not the function of RBI.

- (a) Banker's Bank
- (b) Issue of currency
- (c) Regulation of Foreign Trade
- (d) Custodian of Forex Reserves

Ans. (c)

53. Which of the following statements about Central Bank is incorrect?

- (a) Central Bank regulates currency in accordance with the requirements of business and the general public
- (b) Central Banks performs general banking and agency service for the state
- (c) Central Bank generally deals with the public and tries to encourage saving habits among people
- (d) None of the above

Ans. (d)

54. SEBI has to be responsive to the needs of groups, which constitute the market:

- (a) The issuers of securities
- (b) The investors
- (c) The market intermediaries
- (d) all of the above

Ans. (d)

55. The current CRR is-

- (a) 3%
- (b) 5%
- (c) 4%
- (d) 6%

Ans. (c)

56. Which one of the following statements is incorrect?

- (a) The SEBI members consist of a Chairman, who shall be appointed by Central Government.
- (b) The SEBI members consist of two members from amongst the officials of two members from amongst the officials of the Ministry of the Central Government
- (c) The SEBI members consist of one member from amongst the official of BI, who shall be nominated by RBI.
- (d) The SEBI members consist of five other members out of which atleast four members shall be whole-time members, who shall be appointed by Central Government.

Ans. (d)

57. The Current SLR is-

- (a) 17.50
- (b) 19.50
- (c) 19.00
- (d) 17.00

Ans. (b)

58. Which of the following is a quantitative measure of credit policy-

- (a) Direct Credit
- (b) SLR
- (c) CRR
- (d) Both (b) and (c)

Ans. (d)

59. Which of the following is a quantitative measure of credit policy-

- (a) Direct Credit
- (b) SLR
- (c) CRR
- (d) Both (b) and (c)

Ans. (a)

60. The rate of interest at which the RBI lends to Banks

- (a) Repo Rate
- (b) Bank Rate
- (c) Reverse Repo Rate
- (d) Time Rate

Ans. (b)

61. Bank Rate at 1% =

- (a) 10 basis points
- (b) 100 basis points
- (c) 1000 basis points
- (d) None of the above

Ans. (b)

62. If current Bank Rate is 9% and RBI decreases it by 10 basis points, the New Rate will be

- (a) 8%
- (b) 8.10%
- (c) IFCI
- (d) NABARD

Ans. (d)

63. _____ is rate at which Banks borrow money from the RBI against pledging or sale of Government Securities to RBI.

- (a) Demand Rate
- (b) Interest Rate
- (c) Repo Rate
- (d) Reverse Repo Rate

Ans. (c)

64. _____ is the rate of interest offered by RBI, when Banks deposit their surplus Funds with the RBI for short periods.
- (a) Demand Rate
 - (b) Interest Rate
 - (c) Repo Rate
 - (d) Reverse Repo Rate
- Ans. (d)**
65. SEBI stands for-
- (a) Securities and Exchange Bank of India
 - (b) Securities and Exchange Board for Investment
 - (c) Securities and Exchange Board of India
 - (d) None of these
- Ans. (c)**
66. Headquarter of SEBI is located at
- (a) New Delhi
 - (b) Mumbai
 - (c) Kolkata
 - (d) None of these
- Ans. (b)**
67. Which among the following complaints not dealt by SEBI
- (a) Complaints falling under the purview of the regulatory bodies like RBI, PFEDA, CCI, FMC etc.
 - (b) Complaints regarding Pension Fund
 - (c) Complaints regarding Commodities
 - (d) All of above
- Ans. (d)**
68. The Chairman of SEBI shall be appointed by the
- (a) Central Government
 - (b) RBI
 - (c) Members of SEBI
 - (d) None of the above
- Ans. (a)**
69. How many officials of RBI shall be members of the SEBI Board?
- (a) No minimum limit
 - (b) Atleast 1
 - (c) Atleast 2
 - (d) RBI officials cannot be members of SEBI
- Ans. (b)**
70. Duties of SEBI does not include-
- (a) Protecting of the interests of investors in securities
 - (b) Promoting the development of Securities Market
 - (c) Regulating the Securities Market
 - (d) None of the above
- Ans. (d)**

71. Which of the following groups does not constitute the Securities Market?

- (a) Investors
- (b) Issuers of Securities
- (c) Intermediaries
- (d) None of the above

Ans. (d)

72. SEBI has its Western Regional Office in:

- (a) Pune
- (b) Mumbai
- (c) Ahmedabad
- (d) Surat

Ans. (c)

73. SEBI's functions are classified as-

- (a) Quasi-Legislative, Quasi-Judicial and Quasi-Administrative
- (b) Quasi-Legislative, Quasi-Judicial and Quasi-Executive
- (c) Quasi-Legislative, Quasi-Authority and Quasi-Executive
- (d) Quasi-Governmental, Quasi-Judicial and Quasi-Executive

Ans. (b)

74. Appeal against SEBI's Orders lies to the

- (a) Stock Market Tribunal
- (b) Securities Appellate Tribunal
- (c) Supreme Court
- (d) None of the above

Ans. (b)

75. Where is the headquarter of NABARD?

- (a) Mumbai
- (b) Delhi
- (c) Gurugram
- (d) Benlgaluru

Ans. (a)

76. Power of SEBI under the SEBI Act

- (a) withdraw recognition of Stock Exchange
- (b) issue directions to recognized Stock Exchanges
- (c) prevent fraudulent and unfair trade practices
- (d) handle licensing of Dealers in Securities in certain areas

Ans. (c)

77. Large number of SHGs have been linked to credit, resulting in an important Indian tool for microfinance, by the endeavor of:

- (a) NABARD
- (b) SIDBI
- (c) IDBI
- (d) SEBI

Ans. (a)

78. Under the SCRA, the SEBI has power to
- (a) investigation
 - (b) seize records
 - (c) specify Listing Requirements
 - (d) withdraw recognition of Stock Exchange.

Ans. (d)

79. The regional office of SEBI is not located in:
- (a) Chennai
 - (b) Kolkata
 - (c) Chandigarh
 - (d) Ahmedabad

Ans. (c)

80. Which one of the following is an Indian regulatory body that facilitates business organizations?
- (a) EXIM Bank
 - (b) NABARD
 - (c) IRDAI
 - (d) IFCI

Ans. (c)

81. IRDAI stands for –
- (a) Income Regulatory and Development Authority of India
 - (b) Indemnity Regulatory and Development Authority of India
 - (c) Insurance Regulatory and Development Authority of India
 - (d) Insurance Regulatory Department of India

Ans. (c)

82. Which of the following statements is true? IRDAI comprises of-
- (a) Not more than 5 Whole- Time Members, and Not more than 4 Part-Time-Members
 - (b) Not more than 4 Whole – Time Members, and Not more than 5 Part-Time Members
 - (c) More than 4 Whole-Time Members, and not more than 5 Part-Time Members
 - (d) Not more than 5 Whole-Time Members, and Not more than 5 Part-Time Members

Ans. (a)

Past Years Questions and Answers

2018 – MAY

83. BRICS stands for:
- (a) Brazil, Russia, India, China, South Africa
 - (b) Brazil, Russia, India, China, Sweden
 - (c) Brazil, Russia, India, China, South Africa
 - (d) Brazil, Russia, India, Columbia, Sweden

Ans: (a)

84. Which of the following is a development bank:
- (a) NABARD
 - (b) EXIM Bank
 - (c) SIDBI
 - (d) SEBI

Ans: (a)

85. Business facilitator is/are
- (a) Who helps the business
 - (b) Who advises the business on various sources of finance – domestic as well as foreign
 - (c) Who create and grow young business
 - (d) All of these.

Ans: (d)

86. Which of the following is a direct beneficiary of IFCI ?
- (a) Agro Based industry
 - (b) Service Industry
 - (c) Capital & Intermediate Goods Industry
 - (d) All of these.

Ans: (d)

87. The RBI has been vested with extensive power to control and supervise commercial banking system under the:
- (a) Reserve Bank of India Act, 1934
 - (b) The Banking Regulation Act, 1949
 - (c) Both (a) and (b)
 - (d) None of the above.

Ans: (c)

88. NABARD is the most important institution in the country which looks after the development of the:
- (a) Cottage Industry
 - (b) Small Industry
 - (c) Village Industry
 - (d) All of the above.

Ans: (d)

2018- NOVEMBER

89. Which condition, or which is not true out of options about bank rate:
- (a) It is called discount rate
 - (b) It is different from repo rate
 - (c) SEBI influences the interest rates through bank rate.
 - (d) Higher bank rate will translate to higher lending rates by the banks

Ans: (c)

90. _____ represents the ratio of liquid assets of the banks to their deposit liabilities.
- (a) SLR
 - (b) CRR
 - (c) CLR
 - (d) None

Ans: (a)

91. Which institution includes money market and forex market.
- (a) SEBI
 - (b) IFCI
 - (c) SIDBI
 - (d) RBI

Ans: (d)

92. Permission to NRI to invest upto 100% _____ in high priority areas.
- (a) 27%
 - (b) 51%
 - (c) 76%
 - (d) 100%

Ans: (d)

93. Which of these not is a regulatory institution.
- (a) RBI
 - (b) SEBI
 - (c) IRDAI
 - (d) Municipal development agency

Ans: (d)

2019- MAY

94. SEBI Function Consists of
- (a) Quasi Legislative
 - (b) Quasi Judicial
 - (c) Both (a) and (b)
 - (d) None of these

Ans: (c)

95. Competition Commission of India is Formed to
- (a) To prevent practices having adverse effect on competition
 - (b) To protect the interests of consumers
 - (c) Both (a) and (b)
 - (d) None of these

Ans: (c)

96. Which of the following body has been dissolved recently
- (a) Competition Commission of India
 - (b) Foreign Institutional Promotion Board
 - (c) Planning Commission
 - (d) National Statistics Commission

Ans: (c)

97. Which of the following is not is function of RBI
- (a) Fiscal Policy
 - (b) Controller of Credit
 - (c) Monetary Policy
 - (d) Custodian of Foreign Exchange Reserves

Ans: (a)

98. The first appeal of Securities Exchange Board of India
- (a) RBI
 - (b) Supreme Court
 - (c) High Court
 - (d) Securities Appellate Tribunal

Ans: (d)

99. Who was the regulatory body for controlling financial affairs before SEBI ?

- (a) Reserve Bank of India
- (b) Controller of Capital Issues
- (c) Government of India
- (d) Insurance Regulatory and Development Authority of India

Ans: (b)

100. SEBI, RBI & IRDA are

- (a) Regulatory Bodies
- (b) Cluster Bodies
- (c) Goal sector bodies
- (d) None of these

Ans: (a)

2019- NOVEMBER

101. Which of the following is the indicator of bank's liquidity ratio?

- (a) SLR
- (b) CRR
- (c) Repo Rate
- (d) Reserve Repo Rate

Ans: (a)

102. Which of this does relate to competition commission of India ?

- (a) To prevent having adverse effect an competition
- (b) To promote and sustain competition market
- (c) To protect the interest of consumers
- (d) All of the above.

Ans: (d)

103. The regional office of SEBI is not located in:

- (a) Chennai
- (b) Kolkata
- (c) Chandigarh
- (d) Ahmedabad.

Ans: (c)

2020- NOVEMBER

104. Controller of capital issues was replaced by which of the following regulatory authority ?

- (a) IRDAI
- (b) Competition Commission of India
- (c) RBI
- (d) SEBI

Ans: (d)

105. Which of the following is not an objective of establishing the competition commission of India ?

- (a) To Prevent practices having adverse effect on competition
- (b) To Prevent and sustain competition in markets
- (c) To Protect the interests of the customers
- (d) To ensure restrictions of trade carried on by other participants in markets.

Ans: (d)

106. SEBI was setup to regulate the:

- (a) Insurance market
- (b) Security market
- (c) Money market
- (d) Capital market

Ans: (b)

107. Which of the following financial institutions is known for dealing in SHG bank linkage program:

- (a) NABARD
- (b) IRDAI
- (c) SBI
- (d) SEBI

Ans: (a)

108. IRDAI full form:

- (a) Industrial Regulatory Development Authority in India
- (b) Institutional Regulatory Development Authority of India
- (c) Insurance Regulatory Development Authority of India
- (d) Insurance Ruling Development Authority of India

Ans: (c)

109. First Appeal against SEBI can be made in:

- (a) High Court
- (b) Supreme Court
- (c) Securities Appellate Tribunal
- (d) RBI

Ans: (c)

110. _____ represents the ratio of liquid assets of the banks to their deposit liabilities.

- (a) SLR
- (b) CRR
- (c) CLR
- (d) None

Ans: (a)

111. Permission to NRI to invest upto in high priority areas:

- (a) 27%
- (b) 51%
- (c) 76%
- (d) 100%

Ans: (d)

2021- JANUARY

112. How many members of SEBI should be from RBI ?

- (a) 1
- (b) 2
- (c) 3
- (d) 4

Ans: (a)

113. The regional office of SEBI is not located in:

- (a) Chennai
- (b) Kolkata
- (c) Chandigarh
- (d) Ahmedabad

Ans: (c)

114. SEBI Act, 1992 was come in effect on:

- (a) 30th January 1991
- (b) 30th January 1992
- (c) 31st January 1992
- (d) 31st January 1993

Ans: (b)

115. SEBI, RBI and IRDAI are:

- (a) Regulatory institutions
- (b) Policy Institutions
- (c) Satellite Institutions
- (d) Goal setting bodies.

Ans: (a)

CHAPTER 6

COMMON BUSINESS TERMINOLOGIES

MULTIPLE CHOICE QUESTIONS

- An economic resource that is expected to be benefit in future is called:
 - Asset
 - Liability
 - Capital
 - Loan**Ans: (a)**
- The lowest price at which an owner is willing to sell his security is:
 - Ask
 - Call
 - Put
 - Book value**Ans: (a)**
- Market situation where stock price are falling consistently:
 - Stag
 - Bear
 - Bull
 - Balla**Ans: (b)**
- Market situation where one expects a rise in price so that he can later sell at a high price:
 - Stag
 - Bear
 - Bull
 - Balla**Ans: (c)**
- The riskiness inherited in firm's operations if it user no debt:
 - Business risk
 - Beta
 - Market risk
 - Zero risk**Ans: (a)**
- Option to buy a security is;
 - Call option
 - Put option
 - Hedging
 - Arbitrage**Ans: (a)**
- Commercial papers are:
 - A type of long term promissory note
 - Transferable certificate of ownership of investment
 - Bond that pays no annual interest but sold discount and redeemed at par
 - Unsecured, short term promissory note of large firms usually issued in denominations of ₹1,00,000 or more**Ans: (d)**

8. Business combination of two or more entities that occurs when the entities transfer all their net assets to a new entity created for that purpose:

- (a) Demerger
- (b) Consolidation
- (c) Joint Venture
- (d) None of these

Ans: (b)

9. Stock that provides constant dividends and stable earnings over a period of economic down turn also:

- (a) Aggressive stock
- (b) Debenture
- (c) Defensive stock
- (d) Bond

Ans: (c)

10. Security whose price is derived from one or more underlying assets:

- (a) Shares
- (b) Debentures
- (c) Bonds
- (d) Derivatives

Ans: (d)

11. Company's first issue of shares to general public:

- (a) FPO
- (b) IPO
- (c) Liquidation
- (d) Internet trading

Ans: (b)

12. P/E ratio is calculated as:

- (a) $MPS \div EPS$
- (b) $EPS \div MPS$
- (c) $Earning \div No. \text{ of shares}$
- (d) None of these

Ans: (a)

13. Price at which the holder of an option can buy or sell the security they hold when the option is executed:

- (a) Premium amount
- (b) Strike Price
- (c) Face Value
- (d) Market Price

Ans: (b)

14. Rate of return earned on a bond if it is called before maturity:

- (a) YTM
- (b) MTM
- (c) Dividend
- (d) Capital gain

Ans: (a)

15. A reduction in the price of goods given to encourage sale on cash basis:

- (a) Trade Discount
- (b) Commission
- (c) Cash Discount
- (d) Sales Discount

Ans: (c)

16. A marketing activity directed from one business to another:

- (a) B 2 B
- (b) B 2 C
- (c) C 2 B
- (d) C 2 2

Ans: (a)

17. Company that has control over a certain market:

- (a) Market leader
- (b) Market Follower
- (c) Mass marketing
- (d) Market segment

Ans: (a)

18. 4 P's of marketing:

- (a) Price, Plan Place, Product
- (b) People, Planet, Plant, Product
- (c) Price, Product, People, Promotion
- (d) Product, Price, Place, Promotion

Ans: (d)

19. Pricing strategy that involves setting lower prices in order to discourage potential new entrants to suppliers market:

- (a) Penetration Policy
- (b) Skimming
- (c) Pre-Emptive Pricing
- (d) Market Price

Ans: (c)

20. A skill, resource or other advantage that firm has relative to its competitors that is important to serving the needs of customer in market place:

- (a) Strength
- (b) Weakness
- (c) Opportunity
- (d) Threat

Ans: (a)

21. Limitation or lack of skills in effective performance:

- (a) Strength
- (b) Weakness
- (c) Opportunity
- (d) Threat

Ans: (b)

22. Limit that regulates the increase or decrease in the rate of interest and installment of an adjustable rate mortgage:
- (a) Cap
 - (b) Floor
 - (c) Collar
 - (d) Shoe
- Ans: (a)**
23. Creates of trust who takes the responsibility of repayment of loan:
- (a) Investor
 - (b) Guarantor
 - (c) Borrower
 - (d) Cashier
- Ans: (b)**
24. Economic insolvency, where in person's assets are liquidated:
- (a) Bankruptcy
 - (b) Amalgamation
 - (c) Demerger
 - (d) Bad debt
- Ans: (a)**
25. PESTLE stands for:
- (a) Political, Economic Social, Technological, Legal, Environmental.
 - (b) Political, Ecological, Structural, Technical, Legal, Environmental.
 - (c) Policy, Environment, Social, Teamwork, Legal, Environmental.
- Ans: (a)**
26. When a Company publicly sells new stocks and bonds for the first time, it does so in –
- (a) Stock Market
 - (b) Primary Market
 - (c) Secondary Market
 - (d) Investment Market
- Ans.(b)**
27. Example of Secondary Market.
- (a) BSE
 - (b) NSE
 - (c) NYSE
 - (d) All the above
- Ans. (d)**
28. A situation in a market in which Sellers independently strive for the Buyer's patronage, in order to achieve certain business objective
- (a) Market share
 - (b) Competition
 - (c) Market segment
 - (d) All the above
- Ans. (b)**

Past Years Questions and Answers

2018– MAY

29. 4 P's marking are:

- (a) Plan, Price, Production, Publicity
- (b) Plan, Production, Place and Promotion
- (c) Plan, Price, Product, Promotion
- (d) Product, Price, Place, Promotion

Ans: (d)

30. Bid is the opposite of

- (a) Ask/Offer
- (b) Call
- (c) Equity
- (d) None.

Ans: (a)

31. The process of estimating future demand by anticipating what buyers are likely to do under a given set of marketing conditions:

- (a) Cross Marketing
- (b) Forecasting
- (c) Market Development
- (d) Internal Marketing

Ans: (b)

32. Consolidation means:

- (a) Combination of two or more entities or more entities that occurs when entities transfer all their net assets to a new entity created for purpose
- (b) A security by an issuer
- (c) An option given to investor
- (d) Commission charged by the broker

Ans: (a)

33. "Personal selling" is done through:

- (a) Written Communication
- (b) Oral Communication
- (c) TV and Media
- (d) Sign Language

Ans: (b)

34. The number of units of given currency that can be purchased for one unit of another currency is called _____ .

- (a) Current Ratio
- (b) Exchange Ratio
- (c) Equity
- (d) Dividend

Ans: (b)

35. _____ is a road map of company's future:

- (a) Objective
- (b) Goal
- (c) Vision
- (d) Aim

Ans: (c)

36. When two or more companies come together to expand their business operations in a newly created entity.
(a) Joint Venture
(b) Acquisition
(c) Partnership
(d) Merger
Ans: (d)
37. To charge a regular portion of an expenditure over a fixed period of time.
(a) Amortize
(b) Appreciation
(c) Arbitrage
(d) Offer
Ans. (a)
38. Payments occur at the beginning of each period.
(a) Appreciation
(b) Arbitrage
(c) Offer
(d) Annuity Due
Ans. (d)
39. Appreciation is
(a) Increase in Value
(b) Decrease in Value
(c) No Change in Value
(d) None of the above
Ans. (a)
40. The simultaneous purchase and sale of two identical commodities or instruments is called
(a) Amortize
(b) Appreciation
(c) Arbitrage
(d) Offer
Ans. (c)
41. Careful review of financial records of an organisation to verify their accuracy is called
(a) Appreciation
(b) Audit
(c) Offer
(d) Arbitrage
Ans. (b)
42. A statement of the financial position of a company at a single specific time is called
(a) Bond
(b) Debt
(c) Balance Sheet
(d) Book Value
Ans. (c)

43. _____ is a type of long-term Promissory Note

- (a) Bond
- (b) Debt
- (c) Balance Sheet
- (d) Book Value

Ans. (a)

44. The amount of revenue from sales which exactly equals the amount of expense at

- (a) Budget
- (b) Balance Sheet
- (c) Break Even Point
- (d) None of the above

Ans. (c)

45. _____ is a detailed plan for the future, usually expressed in formal quantitative terms.

- (a) Budget
- (b) Balance Sheet
- (c) Break Even Point
- (d) None of the above

Ans. (a)

46. Bear is a situation in which _____

- (a) Stock-market players are pessimists
- (b) they expect share prices or any other type of investment to fail
- (c) Prices are going to go lower and majority of dealers will sell as quickly as possible for fear of holding shares which diminish in value.
- (d) All the above

Ans. (d)

47. The price of a security at the beginning of the trading day which is used to determine the day Minimum/Maximum and the Operational ranges for that day is called

- (a) Base Price
- (b) Basket Price
- (c) Stock Price
- (d) None of the above

Ans. (b)

48. Carrying forward of transaction form one settlement period to the next without effecting delivery or payment is called _____

- (a) Bear Market
- (b) Base Price
- (c) Badla
- (d) Blue Chips

Ans. (c)

49. Shares of large, well established and financially sound companies with an impressive record of earnings and dividends are called

- (a) Bonds
- (b) Blue Chips
- (c) Badla
- (d) None of the above

Ans. (b)

50. Measurement of relationship between stock price of any particular stock and the movement of whole market is called
- (a) Beta
 - (b) Alpha
 - (c) Bid
 - (d) Bond
- Ans. (a)**
51. Promissory note issued by companies or government to its buyers is called
- (a) Beta
 - (b) Alpha
 - (c) Bid
 - (d) Bond
- Ans. (d)**
52. Market in which the stock price is increasing consistently is called
- (a) Bear Market
 - (b) Bull Market
 - (c) Stock Market
 - (d) None of the above
- Ans. (b)**
53. Business day_____
- (a) Monday –Friday
 - (b) Except Public holidays
 - (c) Stock Markets are open
 - (d) All the above
- Ans. (d)**
54. The demand by a company or any other issuer of shares for payment is called
- (a) Call
 - (b) Offer
 - (c) Bid
 - (d) None of the above
- Ans. (c)**
55. A free allotment of shares made in proportion to existing shares out of accumulated reserves is called
- (a) Bond
 - (b) Bonus
 - (c) Bid
 - (d) Offer
- Ans. (b)**
56. The financial markets for stocks and for intermediate or long-term debt is called
- (a) Bull Market
 - (b) Bear Market
 - (c) Capital Market
 - (d) None of the above
- Ans. (c)**

57. A type of debt instrument that is not secured by physical assets or collateral is

- (a) Bond
- (b) Debenture
- (c) Promissory Note
- (d) None of the above

Ans. (c)

58. Depreciation is _____

- (a) A way of spreading the cost of an asset over its expected useful economic life
- (b) It is an expense allowance made for wear and tear on an asset over its estimated useful life
- (c) It is an expense that is supposed to reflect the loss in value of a fixed asset
- (d) All the above

Ans. (d)

59. Reducing the investment risk by purchasing shares of different companies operating in different sectors is

- (a) Diversification
- (b) Penetration
- (c) It is an expense that is supposed to reflect the loss in value of a fixed asset
- (d) All the above

Ans. (a)

60. An attempt to increase the number of outstanding shares of a company by splitting the existing shares is called

- (a) Stock Split
- (b) Stock Addition
- (c) Stock Fix
- (d) None of the above

Ans. (a)

61. A market in which there are comparatively low number of bids to buy and offers to sell is called

- (a) Thick market
- (b) Stock Market
- (c) Thin Market
- (d) None of the above

Ans. (c)

62. Benchmarking is

- (a) The process of comparing the products and services of a business against those of competitors in a market, or leading businesses in other markets, in order to find ways of improving quality and performance
- (b) An analysis of competitor strengths and weaknesses
- (c) used to evaluate a Firm's relative competitive position opportunities or improving
- (d) All the above

Ans. (d)

63. Which of the following statements are true with brand Equity?

- (a) Brand Equity refers to the value of a brand.
- (b) Brand equity is based on the extent to which the brand has high brand loyalty, name awareness, perceived quality and strong product associations.
- (c) Brand equity also includes other "intangible" assets such as patents, trademarks and channel relationships.
- (d) All the above

Ans. (d)

64. A strongly motivate and long standing decision of the customer to purchase a particular product or service is called
- (a) Brand Equity
 - (b) Brand value
 - (c) Brand Loyalty
 - (d) None of the above

Ans. (c)

65. The collection of businesses and products that make up the business is called
- (a) Business Diversification
 - (b) Consortium
 - (c) Business Portfolio
 - (d) None of the above

Ans. (c)

66. A combination of several companies working together for a particular purpose is called
- (a) Business Diversification
 - (b) Consortium
 - (c) Business Portfolio
 - (d) None of the above

Ans. (b)

67. Using a customer's buying history to select them for related offers is called
- (a) Cross Selling
 - (b) Up Selling
 - (c) Aggressive selling
 - (d) None of the above

Ans. (a)

68. Feeling or attitude that inclined a customer either to return to a company, shop or outlet to purchase there again, or else to re-purchase a particular product, services or brand is called
- (a) Customer need
 - (b) Customer satisfaction
 - (c) Customer Loyalty
 - (d) None of the above

Ans. (c)

69. When business and non-profit organizations market their products, services or causes directly to consumers based on consumer interests is called
- (a) Indirect marketing
 - (b) Direct marketing
 - (c) Advertisement

Ans. (b)

70. Any goods that are stored, delivered and used in its electronic format.
- (a) Consumer Goods
 - (b) Capital Goods
 - (c) Digital Goods
 - (d) None of the above

Ans. (c)

71. Which of the following is not an example of Digital Goods?

- (a) Ticket
- (b) e-Books
- (c) Music
- (d) Magazines

Ans. (d)

72. The network of organisations necessary to carry goods or services from the manufacturers to the consumers is called

- (a) Communication Channel
- (b) Marketing Channel
- (c) Distribution Channel
- (d) None of the above

Ans. (c)

73. A reduction in costs through larger operating units, spreading fixed costs over large numbers of items/units is called

- (a) Economies of scale
- (b) Diseconomies of scale
- (c) Returns to scale
- (d) None of the above

Ans. (a)

74. The conditions and forces that define a firm's competitive position and influences its strategic options is called

- (a) External Environment
- (b) Internal Environment
- (c) Competitive Environment
- (d) Both a and c

Ans. (d)

75. FMCG stands for

- (a) Fast moving Consumer goods
- (b) Fast Moving Capital goods
- (c) First moving Commercial goods
- (d) None of the above

Ans. (a)

76. The process of estimating future demands by anticipating what buyers are likely to do under a given set of marketing conditions is called

- (a) Benchmarking
- (b) Forecasting
- (c) Prediction
- (d) None of the above

Ans. (b)

77. The process of eliciting support for a company and its activities among its own employees, in order to encourage them to promote its goals is called

- (a) External Environment
- (b) Internal Environment
- (c) Competitive Environment
- (d) Both a and c

Ans. (b)

78. A third party commercial operation established by two or more firms to pursue a particular market, resource supply, or other business opportunity is called
- (a) Merger
 - (b) Acquisition
 - (c) Joint venture
 - (d) None of the above

Ans. (c)

79. The company that has control over a certain market is called
- (a) Market Follower
 - (b) Market Leader
 - (c) Market niche
 - (d) None of the above

Ans. (b)

80. The systematic gathering, recording and analyzing of data about problems relating to the marketing of goods and services is called
- (a) Benchmarking
 - (b) Forecasting
 - (c) Market Share
 - (d) None of the above

Ans. (c)

81. As the percentage of all sales within a market that is held by one brand/ product or company is called
- (a) Market Population
 - (b) Market Potential
 - (c) Market Share
 - (d) None of the above

Ans. (c)

82. The science and art of exploring, creating and delivering value to satisfy the needs of a target market at a profit is called
- (a) Sales
 - (b) Forecasting
 - (c) Marketing
 - (d) None of the above

Ans. (c)

83. When many consumers receive the same message from business and non-profit organizations through media is called
- (a) Mass Marketing
 - (b) Green Marketing
 - (c) Marketing Mix
 - (d) None of the above

Ans. (a)

84. A process when two or more companies come together to expand their business operations is called
- (a) Merger
 - (b) Acquisition
 - (c) Joint venture
 - (d) None of the above

Ans. (a)

85. The exploitation of comparatively small market segments by businesses that decide to concentrate their efforts is called
- (a) Mass Marketing
 - (b) Green Marketing
 - (c) Niche Marketing
 - (d) None of the above

Ans. (c)

86. _____ occurs when a firm charges a different price to different groups of consumers for an identical good or service, for reasons not associated with costs.
- (a) Price rigidity
 - (b) Price discrimination
 - (c) Price sensitivity
 - (d) None of the above

Ans. (b)

87. The effect a change in price will have on customers is called
- (a) Price rigidity
 - (b) Price discrimination
 - (c) Price sensitivity
 - (d) None of the above

Ans. (c)

88. Charging a relatively high price for a short time where a new, innovative, or much-improved product is launched onto a market is called
- (a) Price rigidity
 - (b) Price skimming
 - (c) Price sensitivity
 - (d) None of the above

Ans. (b)

89. A financial expression of the value of that product is called
- (a) Price
 - (b) Cost
 - (c) Expenditure
 - (d) None of the above

Ans. (b)

90. Reaching out to a group of consumers sharing common consumer characteristics with the most appropriate advertisements is called
- (a) Target Marketing
 - (b) Test Marketing
 - (c) Telemarketing
 - (d) None of the above

Ans. (a)

91. A new product is tried with a sample of customers, or launched in a restricted geographical area, to judge customers' reactions.
- (a) Target marketing
 - (b) Test Marketing
 - (c) Telemarketing
 - (d) None of the above

Ans. (b)

92. A customer benefit that no other product can claim is called

- (a) Unique selling proposition
- (b) Unique selling point
- (c) Unified selling point
- (d) None of the above

Ans. (a)

93. A signed instrument of acknowledgment that indicates the approval is called

- (a) Acceptance
- (b) Terms
- (c) Conditions
- (d) None of the above

Ans. (a)

94. The interest, accumulated on an investment but is not yet paid is called

- (a) Simple interest
- (b) Compound interest
- (c) Accrued interest
- (d) None of the above

Ans. (c)

95. Rates of interest which can be changed contractually by lender is called

- (a) Bank rate
- (b) Administered rates
- (c) Accrued interest
- (d) None of the above

Ans. (b)

96. ADR stands for

- (a) American Deposit rate
- (b) American Depository ratio
- (c) American Depository receipt
- (d) None of the above

Ans. (c)

97. ATM stands for

- (a) Automated Money
- (b) Automated Teller Machine
- (c) Any Time Money
- (d) None of the above

Ans. (b)

98. Rate at which the Central Bank in the discharge of its function as Banker's Bank lends to the commercial banks is called

- (a) Bank rate
- (b) Administered
- (c) Accrued interest
- (d) None of the above

Ans. (a)

99. Measure of change in financial parameters such as Interest, stock indices and market rates is called
- (a) Census
 - (b) Index
 - (c) Basis point
 - (d) None of the above

Ans. (c)

100. A limit that regulates the increase or decrease in the rate of interest and installments of an adjustable rate mortgage is called
- (a) Gap
 - (b) Cap
 - (c) Basis point
 - (d) None of the above

Ans. (b)

101. The total amount of cash that is present in the bank account and can also be withdrawn immediately is called
- (a) Credit
 - (b) Reserve
 - (c) Bond
 - (d) None of the above

Ans. (b)

102. _____ is a negotiable instrument that instructs the bank to pay a particular amount of money from the writer's bank, to the receiver is called
- (a) Promissory Note
 - (b) Letter of Credit
 - (c) Cheque
 - (d) None of the above

Ans. (c)

103. Secondary protection sometimes required by a bank and intended to guarantee a borrower's performance on a debt obligation is called
- (a) Collateral Security
 - (b) Certificate of deposit
 - (c) Deposit slip
 - (d) None of the above

Ans. (a)

104. A charge that is paid by any borrower or debtor for the use of money is called
- (a) Bank rate
 - (b) Administered rates
 - (c) Interest rate
 - (d) None of the above

Ans. (c)

105. A document issued by a bank (on behalf of the buyer or the importer), stating its commitment to pay a third party (seller or the exporter), a specific amount, for the purchase of goods by its customer, who is the buyer is called
- (a) Promissory Note
 - (b) Letter of Credit
 - (c) Cheque
 - (d) None of the above

Ans. (b)

- 106.** A legal agreement between the lender and the borrower where real estate property is used as collateral for the loan, in order to secure the payment of the debt is called
- (a) Mortgage
 - (b) Letter of Credit
 - (c) Cheque
 - (d) None of the above

Ans. (a)

- 107.** The value at which the demand of consumers and the supply of the manufacturers decide the price of a commodity or service is called
- (a) Share value
 - (b) Market value
 - (c) Customer value
 - (d) None of the above

Ans. (b)

- 108.** A check or rather an amount of check, which is above the balance available in the account of the payer is called
- (a) Demand draft
 - (b) Cheque
 - (c) Over draft
 - (d) None of the above

Ans. (c)

- 109.** The sum or portion of the value that is at stake of subject to loss form a variation in prevalent interest rates is called
- (a) Value at risk
 - (b) Value at par
 - (c) Certain Value
 - (d) None of the above

Ans. (a)

- 110.** The rate at which banks borrow money from the RBI against pledging or sale of government securities to RBI is known as
- (a) Repo rate
 - (b) Reverse repo rate
 - (c) Interest rate
 - (d) None of the above

Ans. (a)

- 111.** It is the rate of interest offered by RBI, when banks deposit their surplus funds with the RBI for short periods is called
- (a) Repo rate
 - (b) Reverse repo rate
 - (c) Interest rate
 - (d) None of the above

Ans. (b)

- 112.** A very large loan extended by a group of small banks to a single borrower, especially corporate borrowers is called
- (a) Corporate Loan
 - (b) Syndicate Loan
 - (c) Personal Loan
 - (d) None of the above

Ans. (b)

113. Economic insolvency, wherein the person's assets are liquidated, to pay off all liabilities is called
(a) Acquisition
(b) Liability
(c) Bankruptcy
(d) None of the above

Ans. (c)

114. A systematic process removing the barriers to international trade in goods and services and the international flows of capital is called
(a) Privatisation
(b) Globalisation
(c) Liberalisation
(d) None of the above

Ans. (b)

115. A systematic process of easing of government's control over the private business activity is called
(a) Privatisation
(b) Globalisation
(c) Liberalisation
(d) None of the above

Ans. (c)

116. A commercial activity implying moving of supplies to the production facilities and goods and services to their respective markets is called
(a) Supply chain
(b) Logistics
(c) Production
(d) None of the above

Ans. (b)

117. A systematic process of dispensing with the state ownership of business enterprises is called
(a) Privatisation
(b) Globalisation
(c) Liberalisation
(d) None of the above

Ans. (a)

118. A road map of a company's future- providing specifics about technology and customer focus, the geographic and product markets to be pursued is called
(a) Mission
(b) Vision
(c) Quality Policy
(d) None of the above

Ans. (b)

119. A statement typically focused on its present business scope is called
(a) Mission
(b) Vision
(c) Quality Policy
(d) None of the above

Ans. (a)

120. What is consolidation?

- (a) It is an expense that is supposed to reflect the loss in value of a fixed asset.
- (b) Combination of two or more entities that occurs when the entities transfer all their net assets to a new entity created for that purpose.
- (c) Potential liability arising from a past transaction or a subsequent event.
- (d) Costs that can be attributed clearly to the activity you are considering

Ans. (a)

121. A portion of the after-tax profits paid out to the owners of a business as a return on their investment is:

- (a) Dividend
- (b) Expense
- (c) Expenditure
- (d) Deferred income

Ans. (a)

122. Which of the following statements are true?

- (a) Brand equity refers to the value of a brand.
- (b) Brand equity is based on the extent to which the brand has high brand loyalty, name awareness, perceived quality and strong product associations.
- (c) Brand equity includes other “intangible” assets such as patents, trademarks and channel relationships.
- (d) All of the above

Ans. (d)

123. What is meant by B2B?

- (a) Buying behaviour that concerns the process that buyers go through when deciding whether or not to purchase goods or services.
- (b) A company’s business model is management’s storyline for how the strategy will be a money maker.
- (c) Marketing activity directed from one business to another.
- (d) None of the above

Ans. (c)

124. ‘Personal selling’ is done through:

- (a) Written communication
- (b) oral communication
- (c) TV and media
- (d) Sign Language

Ans. (b)

125. What is price sensitivity?

- (a) The effect a change in price will have on customers.
- (b) Charging a relatively high price for a short time where a new, innovative, or much-improved product is launched onto a market.
- (c) A strategy involves setting low prices in order to discourage or deter potential new entrants to the suppliers market.
- (d) It measures the responsiveness of a change in demand for a product following a change in its own price.

Ans. (d)

126. What is a bull market?

- (a) A market in which the stock price are increasing consistently.
- (b) A market in which the stock price are decreasing consistently.
- (c) A market in which the stock price are stable over a long time.
- (d) None of the above

Ans. (a)

127. Bid is the opposite of

- (a) Ask/offer
- (b) Call
- (c) Equity
- (d) None of the above

Ans. (a)

128. A stock that provides a constant dividends and stable earnings even in the periods of economic downturn is _____.

- (a) Defensive Stock
- (b) Cash budget
- (c) Income stock
- (d) Listed Stock

Ans. (a)

129. What are mutual funds?

- (a) A pool of money managed by experts by investing in stocks, bonds and other securities with the objective of improving their savings.
- (b) A number of shares which are less than or greater than but not equal to the board lot size.
- (c) A company's first issue of shares to general public
- (d) None of the above

Ans. (a)

130. _____ is the measure of return on investments in terms of percentage

- (a) Yield
- (b) Index
- (c) Equity
- (d) Bonus

Ans. (a)

131. The number of units of given currency that can be purchased for one unit of another currency is called _____.

- (a) Current ratio
- (b) Exchange rate
- (c) Equity

Ans. (b)

132. Risk is a probable chance that investments' actual returns will be _____ than as calculated.

- (a) Increased
- (b) Reduced
- (c) Equal
- (d) None of the above

Ans. (b)

133. _____ is a very wide term that is used in context with financial agreements and contracts.

- (a) Account balance
- (b) Acceptance
- (c) Annuity
- (d) Arbitrage

Ans. (b)

134. What is a cap?

- (a) A cap is a limit that regulates the increase or decrease in the rate of interest and installments of an adjustable rate mortgage.
- (b) A cap is the total amount of cash that is present in the bank account and can also be withdrawn immediately.
- (c) A cap is the certificate of savings deposit that promises the depositor the sum back along with appropriate interest.
- (d) A cap is a loan where the time and cash flow between a short term loan and a long term loan is filled up.

Ans. (a)

135. What is a financial instrument?

- (a) anything that ranges from cash, deed, negotiable instrument, or for that matter any written and authenticated evidence that shows the existence of a transaction or agreement.
- (b) is basically any security that is held with the government and has the highest possible rate of interest.
- (c) is a contract where the borrower, who is also the purchaser, pays a series of installments that includes the interest of the principal amount
- (d) None of the above

Ans. (a)

136. _____ is a strategy that is used to minimize the risk of a particular investment and maximize the returns of an investment.

- (a) Cap
- (b) Encryption
- (c) Hedge
- (d) Term insurance

Ans. (c)

137. _____ is a technology where the banking organizations resort to the use of electronics, computers and other networks to execute transactions and transfer funds.

- (a) E-cash
- (b) Digi-cash
- (c) Hedge
- (d) Cap

Ans. (c)

138. _____ is the simultaneous purchase and sale of two identical commodities or instruments. This simultaneous sale and purchase is done in order to take advantage of the price variations in two different markets.

- (a) Cap
- (b) Term insurance
- (c) Arbitrage
- (d) Hedge

Ans. (a)

139. A guarantee given by the lender that there will be no change in the quoted mortgage rates for a specified period of time, which is called the_____.
- (a) Lock-in period
 - (b) Maturity
 - (c) Holding Period
 - (d) Due date

Ans. (a)

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140. It is the amount of revenue from sales which exactly equals the amount of expense.
- (a) Breakeven point
 - (b) Total revenue
 - (c) Both (a) and (b)
 - (d) None of these

Ans: (a)

141. Financially sound companies with paid dividend is known as ?
- (a) Blue chip
 - (b) Bonds
 - (c) Debenture
 - (d) None of the above.

Ans: (a)

142. What is the meaning of arbitrage ?
- (a) Buying & selling of different commodities
 - (b) Simultaneous buying & selling of identical commodities
 - (c) Only buying of identical commodities
 - (d) Selling of identical commodities only

Ans: (b)

143. _____ is the reduction in the price of goods given to encourage sale on cash base.
- (a) Cash discount
 - (b) Trade discount
 - (c) Both (a) & (b)
 - (d) None of these.

Ans: (a)

144. Asset which can be replaced within a year into cash.
- (a) Fixed
 - (b) Intangible
 - (c) Current
 - (d) Non-current.

Ans: (c)

145. What IPO is related to:
- (a) Companies first issue to general public
 - (b) Rights issue of the company
 - (c) Both (a) & (b)
 - (d) None of these.

Ans: (a)

146. Shares of a company listed on stock exchange are:

- (a) Securities
- (b) Listed shares
- (c) Debentures
- (d) Bonds

Ans: (b)

147. _____ involves charging relatively high price for a short period of time.

- (a) Price skimming
- (b) Price sensitivity
- (c) USP
- (d) Holding price

Ans: (a)

148. The lowest price at which an owner is willing to sell his security is:

- (a) Bid
- (b) ASK
- (c) Cags
- (d) Sale value

Ans: (b)

2019– MAY

149. Which of the following is Return on Investment

- (a) Dividend
- (b) Interest
- (c) Yield
- (d) None of the above

Ans: (c)

150. When two companies come together to expand their business operation in a newly created entity.

- (a) Merger
- (b) Partnership
- (c) Acquisition
- (d) Joint Venture

Ans: (a)

151. The opposite of bid is_____.

- (a) Ask/Offer
- (b) Call
- (c) Purchase
- (d) None of the above

Ans: (a)

152. Bull Market is called

- (a) A market in which stock price is increasing consistently
- (b) A market in which stock price is decreasing consistently
- (c) Both (a) and (b)
- (d) None of the above

Ans: (a)

153. Personal Selling is done through

- (a) Sign language
- (b) Social Media
- (c) Written Communication
- (d) Oral Communication

Ans: (d)

154. A third party commercial operation established by two or more firms to pursue a particular market, resource supply, or other business opportunity is called

- (a) Merger
- (b) Acquisition
- (c) Joint venture
- (d) None of the above

Ans: (c)

155. Carry forward of a transaction from one settlement period to other is

- (a) Badla
- (b) Repo
- (c) Open interest
- (d) None of the above

Ans: (a)

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156. 45 basis points is equal to:

- (a) 0.45%
- (b) 450%
- (c) 45%
- (d) 4.5%

Ans: (a)

157. A series of fixed payments at fixed interval of time:

- (a) Annuity
- (b) Annuity sue
- (c) Installment
- (d) None

Ans: (a)

158. When a member of banks collectively give loan to a person it is known as:

- (a) Syndicated
- (b) Mortgage
- (c) Both (a) and (b)
- (d) None

Ans: (a)

159. When the revenue earned is same as expenses incurred for that it is known:

- (a) Break-even-point
- (b) Equilibrium estate
- (c) Both (a) and (b)
- (d) None

Ans: (a)

160. Combination of several companies working together:

- (a) Consortium
- (b) Merger
- (c) Consolidation
- (d) None

Ans: (a)

161. What is a bull market?

- (a) A market in which stock price are increasing
- (b) A market in which the stock prices are decreasing
- (c) Both (a) and (b)
- (d) None

Ans: (a)

162. Bid is apposite of:

- (a) Ask/Offer
- (b) Call
- (c) Equity
- (d) None

Ans: (a)

163. _____ is known as gap financing, bridge financing is a loan where the time and cash flow between a short term loan and long term loan is filled up.

- (a) Bridge financing
- (b) Bank rate
- (c) Financing
- (d) None

Ans: (a)

164. A stock that provides a constant dividends and stable earnings even in the periods of economic downturn is _____.

- (a) Defensive stock
- (b) Cash budget
- (c) Income stock
- (d) Listed stock

Ans: (a)

165. The lowest price at which an owner is willing to sell his securities is:

- (a) Bid
- (b) Ask/offer
- (c) Both (a) and (b)
- (d) None

Ans: (a)

166. _____ is the measure of return on investments in terms of percentage.

- (a) Yield
- (b) Index
- (c) Equity
- (d) Bonus

Ans: (b)

167. _____ is a strategy that is used to minimize the risk of a particular investment and maximize the return of investment.
- (a) Cap
 - (b) Encryption
 - (c) Hedge
 - (d) Term insurance

Ans: (c)

2020– NOVEMBER

168. A security which has a solid record of dividend payments and offer the dividend higher than the common stock is.
- (a) Hedge
 - (b) Holding period
 - (c) Index
 - (d) Income stock

Ans: (d)

169. Above the balance available in the account of the payer is called:
- (a) Overdraft
 - (b) Maturity
 - (c) Market value
 - (d) Mortgage

Ans: (c)

170. The effect of change in price will have an customer is:
- (a) Price Discrimination
 - (b) Price skimming
 - (c) Price sensitivity
 - (d) Pre-Emptive pricing

Ans: (c)

171. A strongly motivated and long standing decision of the customer to purchase a particular product or service is referred as:
- (a) Buying behaviour
 - (b) Brand Recognition
 - (c) Brand Loyalty
 - (d) Customer satisfaction

Ans: (c)

172. _____ is a measurement of relationship between stock price of any particular stock and the movement of whole market.
- (a) Call option
 - (b) Bids and offer
 - (c) Beta
 - (d) Break-even point

Ans: (c)

173. Bid is the:
- (a) Lowest value which the seller is willing to sell
 - (b) Highest value which the buyer is willing to pay
 - (c) Highest value which the seller is willing to sell
 - (d) Lowest value which the buyer is willing to pay.

Ans: (b)

174. Company's first issue of shares to general public:

- (a) FPO
- (b) IPO
- (c) Liquidation
- (d) Internet Trading

Ans: (b)

2021– JANUARY

175. Risk is a probable chance that investments actual returns will be _____ than as calculated

- (a) Increased
- (b) Reduced
- (c) Equal
- (d) Marginal

Ans: (b)

176. Financially Sound Companies which paid dividends is known as:

- (a) MNC
- (b) Blue Chip Companies
- (c) Mutual Fund Companies
- (d) Inland Companies

Ans: (b)

177. What is consolidation?

- (a) It is an expense that is supposed to reflect the loss in value of a fixed asset.
- (b) Combination of two or more entities that occurs when the entities transfer all their net assets to a new entity created for that purpose
- (c) Potential liability arising from a past transaction or a subsequent event.
- (d) Cost that can be attributed clearly to the activity you are considering

Ans: (b)

178. One percent is equal to:

- (a) 10 basis point
- (b) 100 basis point
- (c) 1 basis point
- (d) 1000 basis point

Ans: (b)

179. 75 basis points is equivalent to:

- (a) 0.75%
- (b) 7.5%
- (c) 75%
- (d) 75

Ans: (a)

180. What is consolidation?

- (a) A cap is limit that regulates the increase or decrease in the rate on interest and instalments of an adjustable rate mortgage
- (b) A cap is the total amount of cash that is present in the bank account and can also be withdrawn immediately
- (c) A cap is the certificate of saving deposit that promises the depositor the sum back along with appropriate interest.
- (d) A cap is a loan where the time and cash flow between a short term loan and a long term loan is filled up.

Ans: (a)

181. _____ is a strategy that is used to minimize the risk of a particular investment and maximize the returns of an investment.

- (a) Cap
- (b) Encryption
- (c) Hedge
- (d) Term insurance

Ans: (c)

182. Carrying forward of transaction form one settlement period to the next without effecting delivery or payment is called _____.

- (a) Badla
- (b) Beta
- (c) Blue Chips
- (d) Basket trading

Ans: (a)