Commerce

1. An Indian resident earns income in a foreign country with which India does *not* have a Double Taxation Avoidance Agreement (DTAA). How does the Income Tax Act provide relief to this taxpayer ?

(A) The taxpayer receives no relief and is subject to full double taxation.

(B) The taxpayer is granted unilateral relief under Section 91.

(C) The taxpayer is granted bilateral relief under Section 90.

(D) The foreign income is entirely exempt in India.

2. The balance of property at cost has been Rs. 20,000 and Rs. 17,000 in 2015 and 2016, respectively. The profit on the sale of property of Rs. 2,000 is credited to Capital Reserve Account. New property costing Rs. 5,000 was bought in 2016. Determine the sale proceeds from property.

(A) Rs. 3,000 (B) Rs. 7,000

(C) Rs. 10,000 (D) Rs. 15,000

3. In a legal case study involving corporate financial fraud, a bank receives a crossed cheque on behalf of a customer in good faith and without negligence, but the title of the cheque proves defective. Which entity is explicitly extended legal protection under Section 131 of the Negotiable Instruments Act ?

(A) Paying Banker (B) Confirming Banker

(C) Collecting Banker (D) Advising Banker

4. A and B are partners in a firm sharing profits and losses in the ratio of 3 : 2. They admit C into the partnership for a 1/5th share in future profits, which C acquires equally from A and B. C brings in Rs. 50,000 as his capital and Rs. 20,000 as his share of premium for goodwill in cash.

What will be the new profit-sharing ratio of A, B, and C, and how will the premium for goodwill be credited to the capital accounts of A and B ?

(A) New Ratio : 5 : 3 : 2 ; Goodwill Credited : A gets Rs. 12,000, B gets Rs. 8,000

(B) New Ratio : 5 : 3 : 2 ; Goodwill Credited : A gets Rs. 10,000, B gets Rs. 10,000

(C) New Ratio : 3 : 2 : 1 ; Goodwill Credited : A gets Rs. 12,000, B gets Rs. 8,000

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5. A company issued shares of Rs. 100 each, fully called up. A shareholder holding 500 shares failed to pay the first and final call of Rs. 30 per share, leading to the forfeiture of their shares. Later, 300 of these forfeited shares were reissued to another party at Rs. 90 per share, fully paid up.

What is the net amount that should be transferred to the Capital Reserve Account ?

(A) Rs. 21,000 (B) Rs. 18,000

(C) Rs. 15,000 (D) Rs. 12,000

6. Who proposed a model to apply economic order quantity concept of inventory management to determine the optimum cash holding in a firm ?

(A) Keith V. Smith

(B) Miller and Orr

(C) William J. Baumol

(D) J. M. Keynes

7. During union-management negotiations, when the two parties bargain over a fixed, finite amount of resources—meaning one party's financial gain is exactly equal to the other party's financial loss—this scenario is best described as :

(A) Integrative bargaining

(B) Distributive bargaining

(C) Productivity bargaining

(D) Concessionary bargaining

8. If the spot price is higher than the strike price in a call option, it is referred to as :

(A) At-the-money

(B) In-the-money

(C) Out-of-the-money

(D) Premium

9. In a moderately asymmetrical (skewed) distribution of a company's daily sales data, the mean is 50 and the median is 45. If the coefficient of variation is 20%, what is the Karl Pearson's coefficient of skewness for this dataset ?

(A) 0.5

(B) 1.5

(C) –1.5

(D) 2.5

10. A manufacturing plant has two machines, M1 and M2, producing 60% and 40% of the total output, respectively. Quality control records indicate that Machine M1 produces 2% defective items, while Machine M2 produces 5% defective items. If a randomly selected completed item is found to be defective, what is the posterior probability that it was produced by Machine M2 ?

(A) 0.375

(B) 0.625

(C) 0.400

(D) 0.050

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(D) Cognitive Affective Overlap

36. Richard Walton's landmark framework identifies two fundamentally contrasting strategies for managing labor and operational design. What are they ?

(A) Unitary Approach *vs.* Pluralistic Approach

(B) Control Strategy *vs.* Commitment Strategy

(C) Exploitative Authoritative *vs.* Participative Group

(D) Transactional Alignment *vs.* Transformational Alignment

37. Which administrative paradigm argues that decentralized delegation often leads to institutional 'co-optation'—where organizations absorb external elements into their policy-making core to avert threats to their stability ?

(A) Classical Administrative Theory (Fayol)

(B) Structural-Functional Institutionalism (Selznick)

(C) Bureaucratic Rationalism (Weber)

(D) Garbage Can Model of Decision-Making (March and Olsen)

38. In Organizational Development (OD), how does Chris Argyris's concept of "Double-Loop Learning" differ from traditional "Single-Loop Learning" during structural change ?

(A) Single-loop learning changes local behavior, while double-loop learning implements automation systems.

(B) Single-loop learning corrects errors by adjusting actions within an existing policy framework, whereas double-loop learning interrogates and alters the underlying values, norms and paradigms of the organization.

(C) Single-loop learning is handled by individual workers, while double-loop learning requires two external consultants.

(D) Single-loop learning is backward-looking, whereas double-loop learning relies purely on scenario forecasting.

39. A new streaming service enters the market with a very low initial monthly subscription fee to quickly attract a massive number of users. This strategy is known as :

(A) Price penetration

(B) Price discrimination

(C) Price skimming

(D) Peak load pricing

40. Under Section 53 of the Insolvency and Bankruptcy Code (IBC), 2016, which establishes the 'waterfall mechanism' for the distribution of liquidation proceeds, what is the statutory priority of secured creditors relative to workmen's dues ?

(A) Secured creditors are paid in full before any workmen's dues are considered.

(B) Workmen's dues for the 24 months preceding the liquidation commencement date rank *pari passu* (equally) with the debts owed to a secured creditor.

(C) Workmen's dues are considered unsecured debt and are paid only after all corporate taxes are settled.

(D) Secured creditors must relinquish all their claims to the government before workmen are paid.

41. The introduction of the Tri-party Repo (TREPS) replaced the Collateralized Borrowing and Lending Obligation (CBLO) in the Indian money market. What is the critical function of the Clearing Corporation of India Ltd. (CCIL) in a TREPS transaction ?

(A) CCIL acts solely as an underwriter for the government securities being traded.

(B) CCIL dictates the interest rate at which the borrowing must occur, overriding market forces.

(C) CCIL acts as the central counterparty and Tri-party agent, handling collateral selection, substitution and settlement, thereby mitigating counterparty credit risk.

(D) CCIL guarantees that the borrower will not be subject to capital gains tax.

42. In Geoffrey Moore's adaptation of the diffusion of innovations model (Crossing the Chasm), the 'chasm' represents a critical marketing failure point that occurs precisely between which two adopter categories ?

(A) Innovators and Early Adopters

(B) Early Adopters and Early Majority

(C) Early Majority and Late Majority

(D) Late Majority and Laggards

43. According to the Modigliani-Miller (MM) theorem without taxes, what is the impact of changing a firm's capital structure (increasing leverage) on the overall value of the firm ?

(A) The value of the firm increases due to the lower cost of debt.

(B) The value of the firm decreases because financial risk increases.

(C) The value of the firm remains independent of its capital structure.

(D) The value of the firm increases initially, then decreases past a certain debt threshold.

44. Under Walter's Model of dividend policy, if a firm's internal rate of return (r) is strictly greater than its cost of capital (k), what is the optimal payout policy to maximize shareholder wealth ?

(A) 100% dividend payout

(B) 50% dividend payout

(C) 0% dividend payout (retain all earnings)

(D) The payout ratio does not affect shareholder wealth.

45. What is the primary difference between an American Depository Receipt (ADR) and a Global Depository Receipt (GDR) ?

(A) ADRs represent equity, while GDRs represent debt.

(B) ADRs are issued only for technology companies, while GDRs are for manufacturing.

(C) ADRs are traded exclusively on US exchanges, while GDRs can be traded on multiple international exchanges.

(D) GDRs are denominated in the issuing company's local currency, while ADRs are not.

46. According to French and Raven's bases of power, a department head who easily gains compliance from their subordinates solely because the subordinates recognize and respect the manager's formal title and position in the organizational hierarchy is primarily exercising :

(A) Legitimate power

(B) Coercive power

(C) Referent power

(D) Expert power

47. In jurisprudential debates regarding Tax Planning, Tax Avoidance and Tax Evasion, the landmark Supreme Court judgement in Vodafone International Holdings B.V. *vs*. Union of India fundamentally established that :

(A) All tax planning strategies are inherently illegal and equivalent to tax evasion.

(B) The revenue authorities have the power to look through any corporate structure, regardless of its legal validity.

(C) Genuine, legally valid foreign direct investment structures utilizing treaties cannot be dismissed as sham transactions or colorable devices solely because they result in a tax benefit.

(D) Taxpayers are morally obligated to arrange their affairs in a manner that maximizes the tax revenue for the state.

48. The Competition Act, 2002 explicitly prohibits 'Anti-Competitive Agreements' under Section 3. Under this framework, how are 'horizontal agreements' (like cartels) legally evaluated compared to 'vertical agreements' (like tie-in arrangements) ?

(A) Horizontal agreements are subject to the 'rule of reason', while vertical agreements are strictly prohibited.

(B) Horizontal agreements are presumed to have an Appreciable Adverse Effect on Competition (AAEC) and are generally considered *per se* illegal, whereas vertical agreements require proving actual AAEC based on the 'rule of reason'.

(C) Both are evaluated strictly on a *per se* illegal basis.

(D) Vertical agreements are entirely exempt from the purview of the Competition Commission of India (CCI).

49. Under Section 43B of the Income Tax Act, certain deductions are allowed only on an actual payment basis rather than an accrual basis. Which of the following expenses is *not* covered under the strict actual payment mandate of Section 43B ?

(A) Employer's contribution to a recognized provident fund.

(B) Bonus or commission payable to employees.

(C) Interest on any loan or borrowing from any scheduled bank.

(D) Provision for bad and doubtful debts.

50. A core objective of GST is to eliminate the 'cascading effect' of taxes (tax on tax) by providing a seamless flow of Input Tax Credit (ITC). However, under Section 17(5) of the CGST Act, ITC is explicitly 'blocked' (unavailable) for which of the following ?

(A) Raw materials purchased for manufacturing a taxable end-product.

(B) Motor vehicles for transportation of persons having seating capacity of not more than 13 persons, unless used for specific commercial purposes .

(C) Computers and servers purchased for IT services in a software company.

(D) Professional legal services hired by a manufacturing firm.

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Commerce

1. A natural monopoly subject to government regulation is mandated to implement "Marginal Cost Pricing" to achieve allocative efficiency. What is the most likely financial consequence for the natural monopoly under this rule ?

   (A) It will earn massive, unearned supernormal profits.

   (B) It will experience an economic loss and require government subsidies to stay in business.

   (C) It will naturally produce at the minimum point of its Long-Run Average Cost curve.

   (D) It will earn exactly normal profit (zero economic profit).

2. When evaluating two mutually exclusive projects with unequal expected lifespans, which capital budgeting technique is most appropriate to ensure a correct decision ?

   (A) Internal Rate of Return (IRR) (B) Equivalent Annual Annuity (EAA)

   (C) Payback Period (D) Profitability Index (PI)

3. If a specific stock plots above the Security Market Line (SML) in the context of the Capital Asset Pricing Model (CAPM), what does this imply about the stock ?

   (A) It is overvalued and investors should sell it.

   (B) It has a negative beta, meaning it moves inversely to the market.

   (C) It is undervalued, offering an expected return higher than what is required for its level of systematic risk.

   (D) Its total risk (standard deviation) is lower than the market portfolio's total risk.

4. What is the defining characteristic of a 'Special Purpose Vehicle' (SPV) used in asset securitization ?

(A) It is a commercial bank that issues new loans to the public.

(B) It is a legally separate, "bankruptcy-remote" entity established strictly to purchase the originator's assets and issue securities.

(C) It is an insurance company that guarantees the payment of the underlying loans.

(D) It is a hedge fund that speculates on the movement of interest rates.

5. Peak load pricing is utilized in industries with strict capacity constraints and non-storable output (e.g., electricity generation). To achieve social efficiency, how should prices be set during off-peak and peak periods ?

(A) Off-peak price covers only short-run marginal operating costs; peak price covers marginal operating costs plus the marginal cost of capacity.

(B) Both periods share the marginal capacity cost equally to ensure equity among consumers.

(C) Off-peak price is set below marginal operating costs to stimulate demand, subsidized by peak period revenues.

(D) Peak price covers only marginal capacity costs, while off-peak price covers marginal operating costs.

6. In a simple Ordinary Least Squares (OLS) regression model, if the assumption of homoscedasticity is violated (i.e., heteroscedasticity is present), what is the direct consequence on the OLS estimators ?

(A) The estimators become biased and inconsistent.

(B) The estimators remain unbiased and consistent, but they are no longer efficient .

(C) The coefficient of determination (R^2) becomes negative.

(D) The model will inherently suffer from perfect multicollinearity.

7. Which type of cost does *not* change when the volume of production changes in the short run (e.g., factory rent) ?

(A) Variable cost (B) Marginal cost

(C) Fixed cost (D) Sunk cost

8. If a researcher realizes their continuous dependent variable severely violates the assumption of normality, they might opt for the Mann-Whitney U test instead of an independent samples t-test. If the two distributions have entirely different shapes, what is the Mann-Whitney U test actually evaluating ?

(A) Whether the medians of the two populations are exactly equal.

(B) Whether the means of the two populations are strictly equal.

(C) Whether an observation from one population is equally likely to be greater or less than an observation from the other.

(D) Whether the variances of the two populations are equal.

9. While Vroom's Expectancy Theory relies on a multiplicative cognitive process (Expectancy × Instrumentality × Valence), Locke and Latham's Goal-Setting Theory identifies which specific mechanism as a mediator between difficult goals and performance ?

(A) Equity perceptions of reward distributions

(B) Task complexity adjustments

(C) Persistence, direction, effort and strategy mobilization

(D) Alternating cycles of variable ratio reinforcement

10. During the evaluation of training programs, Donald Kirkpatrick's framework defines four levels. However, advanced psychometric analyses add a fifth criteria often championed by Jack Phillips. What does this level evaluate ?

(A) Transfer of Training to different contexts

(B) Ultimate Macro-Economic Social Externalities

(C) Return on Investment (ROI) via structural utility analysis

(D) Cognitive Affective Overlap

11. Richard Walton's landmark framework identifies two fundamentally contrasting strategies for managing labor and operational design. What are they ?

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(D) 0.050

36. In the context of an 'Environment Audit', what does the term 'Environmental Due Diligence' typically refer to ?

(A) Assessing a company's carbon footprint solely for marketing purposes.

(B) An assessment of potential environmental liabilities, risks and compliance status of a property or company, usually conducted prior to a merger or acquisition.

(C) The daily recording of waste materials produced by a factory.

(D) A financial audit of the company's waste management department.

37. Wage-price spiral is a consequence of :

(A) Inflationary gap

(B) Deflationary gap

(C) Stagflation

(D) Both (A) and (B)

38. The shape of transformation curve is changed by :

(A) Opportunity cost

(B) Total cost

(C) Marginal opportunity cost

(D) None of the above

39. Under the General Anti-Avoidance Rule (GAAR) outlined in Chapter X-A of the Income Tax Act 1961, an arrangement can be declared an "Impermissible Avoidance Arrangement" (IAA). What is the primary monetary threshold below which GAAR provisions shall NOT apply ?

(A) If the tax benefit in the relevant assessment year arising to all the parties to the arrangement does not exceed Rs. 1 Crore.

(B) If the tax benefit in the relevant assessment year arising to all the parties to the arrangement does not exceed Rs. 3 Crores.

(C) If the total turnover of the company is less than Rs. 100 Crores.

(D) There is no monetary threshold; GAAR applies to all transactions.

40. Under the Consumer Protection Act, (Revised in 2021) what is the pecuniary jurisdiction of the District Commission ?

(A) Complaints where the value of goods/services does not exceed Rs. 50 Lakhs

(B) Complaints where the value of goods/services does not exceed Rs. 1 Crore

(C) Complaints where the value of goods/services is between Rs. 1 Crore and Rs. 10 Crores

(D) Complaints where the value of goods/services does not exceed Rs. 50 Crores

41. The Heckscher-Ohlin theory attributes international trade to :

(A) Differences in labor productivity

(B) Absolute differences in production costs

(C) Differences in factor endowments (capital and labor) between countries

(D) Government interventions

42. Under India's Foreign Trade Policy 2021, the RoDTEP scheme was officially introduced to replace the Merchandise Exports from India Scheme(MEIS) scheme. What does RoDTEP primarily do ?

(A) Restricts the export of essential agricultural goods

(B) Refunds embedded central, state and local taxes/duties to exporters

(C) Subsidizes the import of luxury goods

(D) Fixes a quota for raw material imports

43. Under the WTO's Agreement on Agriculture (AoA), domestic support subsidies that severely distort trade and production (and therefore must be reduced) are classified under the :

(A) Green Box

(B) Blue Box

(C) Amber Box

(D) Red Box

44. Inventory in the beginning of the year is Rs. 1,20,000 and at the end is Rs. 2,00,000. Inventory turnover ratio is 8 times . The revenue from operations is 25% above cost. The gross profit will be :

(A) Rs. 2,40,000

(B) Rs. 3,20,000

(C) Rs. 4,00,000

(D) Rs. 3,60,000

45. Current assets-Rs. 20,00,000

Non current assets-Rs. 40,00,000

Long term borrowings- Rs. 25,00,000

Proprietary ratio-25%

From the following information, the 'Proprietor's funds' are :

(A) Rs. 10,00,000

(B) Rs. 14,00,000

(C) Rs. 24,00,000

(D) Rs. 15,00,000

46. **Statement I** : Issue of Debentures will result in inflow of cash.

Statement II : Issue of Debentures to the vendors for purchase of machinery will result in outflow of cash.

Choose the correct option from the following :

(A) Both the statements are true

(B) Both the statements are false

(C) Statement I is correct and statement II is incorrect

(D) Statement I is incorrect and statement II is correct

47. Average Fixed Cost(AFC) is indicated by :

(A) A rectangular hyperbola

(B) A straight line parallel to X-axis

(C) A straight line parallel to Y axis

(D) A U-shaped curve

48. A multinational corporation utilizes a 'Lead and Lag' strategy. This technique is primarily used to :

(A) Arbitrage interest rates between the Eurodollar and domestic money markets.

(B) Expedite or delay the payment or receipt of foreign currency obligations to benefit from expected exchange rate movements.

(C) Time the issuance of new equity in the international capital markets.

(D) Evaluate the payback period of foreign capital projects.

49. Which of the following correctly explains why the Long-Run Average Cost (LRAC) curve is typically U-shaped, in contrast to the Short-Run Average Total Cost (SRATC) curve ?

(A) The LRAC is U-shaped due to the Law of Diminishing Marginal Returns, whereas the SRATC is U-shaped due to economies of scale.

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(D) By setting price exactly equal to its Average Total Cost to drive the fringe firms out of business.

SET D

Commerce

1. The introduction of the Tri-party Repo (TREPS) replaced the Collateralized Borrowing and Lending Obligation (CBLO) in the Indian money market. What is the critical function of the Clearing Corporation of India Ltd. (CCIL) in a TREPS transaction ?

(A) CCIL acts solely as an underwriter for the government securities being traded.

(B) CCIL dictates the interest rate at which the borrowing must occur, overriding market forces.

(C) CCIL acts as the central counterparty and Tri-party agent, handling collateral selection, substitution and settlement, thereby mitigating counterparty credit risk.

(D) CCIL guarantees that the borrower will not be subject to capital gains tax.

2. In Geoffrey Moore's adaptation of the diffusion of innovations model (Crossing the Chasm), the 'chasm' represents a critical marketing failure point that occurs precisely between which two adopter categories ?

(A) Innovators and Early Adopters

(B) Early Adopters and Early Majority

(C) Early Majority and Late Majority

(D) Late Majority and Laggards

3. According to the Modigliani-Miller (MM) theorem without taxes, what is the impact of changing a firm's capital structure (increasing leverage) on the overall value of the firm ?

(A) The value of the firm increases due to the lower cost of debt.

(B) The value of the firm decreases because financial risk increases.

(C) The value of the firm remains independent of its capital structure.

(D) The value of the firm increases initially, then decreases past a certain debt threshold.

4. Under Walter's Model of dividend policy, if a firm's internal rate of return (r) is strictly greater than its cost of capital (k), what is the optimal payout policy to maximize shareholder wealth ?

(A) 100% dividend payout

(B) 50% dividend payout

(C) 0% dividend payout (retain all earnings)

(D) The payout ratio does not affect shareholder wealth.

5. What is the primary difference between an American Depository Receipt (ADR) and a Global Depository Receipt (GDR) ?

(A) ADRs represent equity, while GDRs represent debt.

(B) ADRs are issued only for technology companies, while GDRs are for manufacturing.

(C) ADRs are traded exclusively on US exchanges, while GDRs can be traded on multiple international exchanges.

(D) GDRs are denominated in the issuing company's local currency, while ADRs are not.

6. According to French and Raven's bases of power, a department head who easily gains compliance from their subordinates solely because the subordinates recognize and respect the manager's formal title and position in the organizational hierarchy is primarily exercising :

(A) Legitimate power

(B) Coercive power

(C) Referent power

(D) Expert power

7. In jurisprudential debates regarding Tax Planning, Tax Avoidance and Tax Evasion, the landmark Supreme Court judgement in Vodafone International Holdings B.V. *vs*. Union of India fundamentally established that :

(A) All tax planning strategies are inherently illegal and equivalent to tax evasion.

(B) The revenue authorities have the power to look through any corporate structure, regardless of its legal validity.

(C) Genuine, legally valid foreign direct investment structures utilizing treaties cannot be dismissed as sham transactions or colorable devices solely because they result in a tax benefit.

(D) Taxpayers are morally obligated to arrange their affairs in a manner that maximizes the tax revenue for the state.

8. The Competition Act, 2002 explicitly prohibits 'Anti-Competitive Agreements' under Section 3. Under this framework, how are 'horizontal agreements' (like cartels) legally evaluated compared to 'vertical agreements' (like tie-in arrangements) ?

(A) Horizontal agreements are subject to the 'rule of reason', while vertical agreements are strictly prohibited.

(B) Horizontal agreements are presumed to have an Appreciable Adverse Effect on Competition (AAEC) and are generally considered *per se* illegal, whereas vertical agreements require proving actual AAEC based on the 'rule of reason'.

(C) Both are evaluated strictly on a *per se* illegal basis.

(D) Vertical agreements are entirely exempt from the purview of the Competition Commission of India (CCI).

9. Under Section 43B of the Income Tax Act, certain deductions are allowed only on an actual payment basis rather than an accrual basis. Which of the following expenses is *not* covered under the strict actual payment mandate of Section 43B ?

(A) Employer's contribution to a recognized provident fund.

(B) Bonus or commission payable to employees.

(C) Interest on any loan or borrowing from any scheduled bank.

(D) Provision for bad and doubtful debts.

10. A core objective of GST is to eliminate the 'cascading effect' of taxes (tax on tax) by providing a seamless flow of Input Tax Credit (ITC). However, under Section 17(5) of the CGST Act, ITC is explicitly 'blocked' (unavailable) for which of the following ?

(A) Raw materials purchased for manufacturing a taxable end-product.

(B) Motor vehicles for transportation of persons having seating capacity of not more than 13 persons, unless used for specific commercial purposes .

(C) Computers and servers purchased for IT services in a software company.

(D) Professional legal services hired by a manufacturing firm.

11. An Indian resident earns income in a foreign country with which India does *not* have a Double Taxation Avoidance Agreement (DTAA). How does the Income Tax Act provide relief to this taxpayer ?

(A) The taxpayer receives no relief and is subject to full double taxation.

(B) The taxpayer is granted unilateral relief under Section 91.

(C) The taxpayer is granted bilateral relief under Section 90.

(D) The foreign income is entirely exempt in India.

12. The balance of property at cost has been Rs. 20,000 and Rs. 17,000 in 2015 and 2016, respectively. The profit on the sale of property of Rs. 2,000 is credited to Capital Reserve Account. New property costing Rs. 5,000 was bought in 2016. Determine the sale proceeds from property.

(A) Rs. 3,000 (B) Rs. 7,000

(C) Rs. 10,000 (D) Rs. 15,000

13. In a legal case study involving corporate financial fraud, a bank receives a crossed cheque on behalf of a customer in good faith and without negligence, but the title of the cheque proves defective. Which entity is explicitly extended legal protection under Section 131 of the Negotiable Instruments Act ?

(A) Paying Banker (B) Confirming Banker

(C) Collecting Banker (D) Advising Banker

14. A and B are partners in a firm sharing profits and losses in the ratio of 3 : 2. They admit C into the partnership for a 1/5th share in future profits, which C acquires equally from A and B. C brings in Rs. 50,000 as his capital and Rs. 20,000 as his share of premium for goodwill in cash.

What will be the new profit-sharing ratio of A, B, and C, and how will the premium for goodwill be credited to the capital accounts of A and B ?

(A) New Ratio : 5 : 3 : 2 ; Goodwill Credited : A gets Rs. 12,000, B gets Rs. 8,000

(B) New Ratio : 5 : 3 : 2 ; Goodwill Credited : A gets Rs. 10,000, B gets Rs. 10,000

(C) New Ratio : 3 : 2 : 1 ; Goodwill Credited : A gets Rs. 12,000, B gets Rs. 8,000

(D) New Ratio : 3 : 1 : 1 ; Goodwill Credited : A gets Rs. 10,000, B gets Rs. 10,000

15. A company issued shares of Rs. 100 each, fully called up. A shareholder holding 500 shares failed to pay the first and final call of Rs. 30 per share, leading to the forfeiture of their shares. Later, 300 of these forfeited shares were reissued to another party at Rs. 90 per share, fully paid up.

What is the net amount that should be transferred to the Capital Reserve Account ?

(A) Rs. 21,000 (B) Rs. 18,000

(C) Rs. 15,000 (D) Rs. 12,000

16. Who proposed a model to apply economic order quantity concept of inventory management to determine the optimum cash holding in a firm ?

(A) Keith V. Smith

(B) Miller and Orr

(C) William J. Baumol

(D) J. M. Keynes

17. During union-management negotiations, when the two parties bargain over a fixed, finite amount of resources—meaning one party's financial gain is exactly equal to the other party's financial loss—this scenario is best described as :

(A) Integrative bargaining

(B) Distributive bargaining

(C) Productivity bargaining

(D) Concessionary bargaining

18. If the spot price is higher than the strike price in a call option, it is referred to as :

(A) At-the-money

(B) In-the-money

(C) Out-of-the-money

(D) Premium

19. In a moderately asymmetrical (skewed) distribution of a company's daily sales data, the mean is 50 and the median is 45. If the coefficient of variation is 20%, what is the Karl Pearson's coefficient of skewness for this dataset ?

(A) 0.5

(B) 1.5

(C) –1.5

(D) 2.5

20. A manufacturing plant has two machines, M1 and M2, producing 60% and 40% of the total output, respectively. Quality control records indicate that Machine M1 produces 2% defective items, while Machine M2 produces 5% defective items. If a randomly selected completed item is found to be defective, what is the posterior probability that it was produced by Machine M2 ?

(A) 0.375

(B) 0.625

(C) 0.400

(D) 0.050

21. In the context of an 'Environment Audit', what does the term 'Environmental Due Diligence' typically refer to ?

(A) Assessing a company's carbon footprint solely for marketing purposes.

(B) An assessment of potential environmental liabilities, risks and compliance status of a property or company, usually conducted prior to a merger or acquisition.

(C) The daily recording of waste materials produced by a factory.

(D) A financial audit of the company's waste management department.

22. Wage-price spiral is a consequence of :

(A) Inflationary gap

(B) Deflationary gap

(C) Stagflation

(D) Both (A) and (B)

23. The shape of transformation curve is changed by :

(A) Opportunity cost

(B) Total cost

(C) Marginal opportunity cost

(D) None of the above

24. Under the General Anti-Avoidance Rule (GAAR) outlined in Chapter X-A of the Income Tax Act 1961, an arrangement can be declared an "Impermissible Avoidance Arrangement" (IAA). What is the primary monetary threshold below which GAAR provisions shall NOT apply ?

(A) If the tax benefit in the relevant assessment year arising to all the parties to the arrangement does not exceed Rs. 1 Crore.

(B) If the tax benefit in the relevant assessment year arising to all the parties to the arrangement does not exceed Rs. 3 Crores.

(C) If the total turnover of the company is less than Rs. 100 Crores.

(D) There is no monetary threshold; GAAR applies to all transactions.

25. Under the Consumer Protection Act, (Revised in 2021) what is the pecuniary jurisdiction of the District Commission ?

(A) Complaints where the value of goods/services does not exceed Rs. 50 Lakhs

(B) Complaints where the value of goods/services does not exceed Rs. 1 Crore

(C) Complaints where the value of goods/services is between Rs. 1 Crore and Rs. 10 Crores

(D) Complaints where the value of goods/services does not exceed Rs. 50 Crores

26. The Heckscher-Ohlin theory attributes international trade to :

(A) Differences in labor productivity

(B) Absolute differences in production costs

(C) Differences in factor endowments (capital and labor) between countries

(D) Government interventions

27. Under India's Foreign Trade Policy 2021, the RoDTEP scheme was officially introduced to replace the Merchandise Exports from India Scheme(MEIS) scheme. What does RoDTEP primarily do ?

(A) Restricts the export of essential agricultural goods

(B) Refunds embedded central, state and local taxes/duties to exporters

(C) Subsidizes the import of luxury goods

(D) Fixes a quota for raw material imports

28. Under the WTO's Agreement on Agriculture (AoA), domestic support subsidies that severely distort trade and production (and therefore must be reduced) are classified under the :

(A) Green Box

(B) Blue Box

(C) Amber Box

(D) Red Box

29. Inventory in the beginning of the year is Rs. 1,20,000 and at the end is Rs. 2,00,000. Inventory turnover ratio is 8 times . The revenue from operations is 25% above cost. The gross profit will be :

(A) Rs. 2,40,000

(B) Rs. 3,20,000

(C) Rs. 4,00,000

(D) Rs. 3,60,000

30. Current assets-Rs. 20,00,000

Non current assets-Rs. 40,00,000

Long term borrowings- Rs. 25,00,000

Proprietary ratio-25%

From the following information, the 'Proprietor's funds' are :

(A) Rs. 10,00,000

(B) Rs. 14,00,000

(C) Rs. 24,00,000

(D) Rs. 15,00,000

31. **Statement I** : Issue of Debentures will result in inflow of cash.

Statement II : Issue of Debentures to the vendors for purchase of machinery will result in outflow of cash.

Choose the correct option from the following :

(A) Both the statements are true

(B) Both the statements are false

(C) Statement I is correct and statement II is incorrect

(D) Statement I is incorrect and statement II is correct

32. Average Fixed Cost(AFC) is indicated by :

(A) A rectangular hyperbola

(B) A straight line parallel to X-axis

(C) A straight line parallel to Y axis

(D) A U-shaped curve

33. A multinational corporation utilizes a 'Lead and Lag' strategy. This technique is primarily used to :

(A) Arbitrage interest rates between the Eurodollar and domestic money markets.

(B) Expedite or delay the payment or receipt of foreign currency obligations to benefit from expected exchange rate movements.

(C) Time the issuance of new equity in the international capital markets.

(D) Evaluate the payback period of foreign capital projects.

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36. A natural monopoly subject to government regulation is mandated to implement "Marginal Cost Pricing" to achieve allocative efficiency. What is the most likely financial consequence for the natural monopoly under this rule ?

(A) It will earn massive, unearned supernormal profits.

(B) It will experience an economic loss and require government subsidies to stay in business.

(C) It will naturally produce at the minimum point of its Long-Run Average Cost curve.

(D) It will earn exactly normal profit (zero economic profit).

37. When evaluating two mutually exclusive projects with unequal expected lifespans, which capital budgeting technique is most appropriate to ensure a correct decision ?

(A) Internal Rate of Return (IRR)

(B) Equivalent Annual Annuity (EAA)

(C) Payback Period

(D) Profitability Index (PI)

38. If a specific stock plots above the Security Market Line (SML) in the context of the Capital Asset Pricing Model (CAPM), what does this imply about the stock ?

(A) It is overvalued and investors should sell it.

(B) It has a negative beta, meaning it moves inversely to the market.

(C) It is undervalued, offering an expected return higher than what is required for its level of systematic risk.

(D) Its total risk (standard deviation) is lower than the market portfolio's total risk.

39. What is the defining characteristic of a 'Special Purpose Vehicle' (SPV) used in asset securitization ?

(A) It is a commercial bank that issues new loans to the public.

(B) It is a legally separate, "bankruptcy-remote" entity established strictly to purchase the originator's assets and issue securities.

(C) It is an insurance company that guarantees the payment of the underlying loans.

(D) It is a hedge fund that speculates on the movement of interest rates.

40. Peak load pricing is utilized in industries with strict capacity constraints and non-storable output (e.g., electricity generation). To achieve social efficiency, how should prices be set during off-peak and peak periods ?

(A) Off-peak price covers only short-run marginal operating costs; peak price covers marginal operating costs plus the marginal cost of capacity.

(B) Both periods share the marginal capacity cost equally to ensure equity among consumers.

(C) Off-peak price is set below marginal operating costs to stimulate demand, subsidized by peak period revenues.

(D) Peak price covers only marginal capacity costs, while off-peak price covers marginal operating costs.

41. In a simple Ordinary Least Squares (OLS) regression model, if the assumption of homoscedasticity is violated (i.e., heteroscedasticity is present), what is the direct consequence on the OLS estimators ?

(A) The estimators become biased and inconsistent.

(B) The estimators remain unbiased and consistent, but they are no longer efficient .

(C) The coefficient of determination (R^2) becomes negative.

(D) The model will inherently suffer from perfect multicollinearity.

42. Which type of cost does *not* change when the volume of production changes in the short run (e.g., factory rent) ?

(A) Variable cost (B) Marginal cost

(C) Fixed cost (D) Sunk cost

43. If a researcher realizes their continuous dependent variable severely violates the assumption of normality, they might opt for the Mann-Whitney U test instead of an independent samples t-test. If the two distributions have entirely different shapes, what is the Mann-Whitney U test actually evaluating ?

(A) Whether the medians of the two populations are exactly equal.

(B) Whether the means of the two populations are strictly equal.

(C) Whether an observation from one population is equally likely to be greater or less than an observation from the other.

(D) Whether the variances of the two populations are equal.

44. While Vroom's Expectancy Theory relies on a multiplicative cognitive process (Expectancy × Instrumentality × Valence), Locke and Latham's Goal-Setting Theory identifies which specific mechanism as a mediator between difficult goals and performance ?

(A) Equity perceptions of reward distributions

(B) Task complexity adjustments

(C) Persistence, direction, effort and strategy mobilization

(D) Alternating cycles of variable ratio reinforcement

45. During the evaluation of training programs, Donald Kirkpatrick's framework defines four levels. However, advanced psychometric analyses add a fifth criteria often championed by Jack Phillips. What does this level evaluate ?

(A) Transfer of Training to different contexts

(B) Ultimate Macro-Economic Social Externalities

(C) Return on Investment (ROI) via structural utility analysis

(D) Cognitive Affective Overlap

46. Richard Walton's landmark framework identifies two fundamentally contrasting strategies for managing labor and operational design. What are they ?

(A) Unitary Approach *vs.* Pluralistic Approach

(B) Control Strategy *vs.* Commitment Strategy

(C) Exploitative Authoritative *vs.* Participative Group

(D) Transactional Alignment *vs.* Transformational Alignment

47. Which administrative paradigm argues that decentralized delegation often leads to institutional 'co-optation'—where organizations absorb external elements into their policy-making core to avert threats to their stability ?

(A) Classical Administrative Theory (Fayol)

(B) Structural-Functional Institutionalism (Selznick)

(C) Bureaucratic Rationalism (Weber)

(D) Garbage Can Model of Decision-Making (March and Olsen)

48. In Organizational Development (OD), how does Chris Argyris's concept of "Double-Loop Learning" differ from traditional "Single-Loop Learning" during structural change ?

(A) Single-loop learning changes local behavior, while double-loop learning implements automation systems.

(B) Single-loop learning corrects errors by adjusting actions within an existing policy framework, whereas double-loop learning interrogates and alters the underlying values, norms and paradigms of the organization.

(C) Single-loop learning is handled by individual workers, while double-loop learning requires two external consultants.

(D) Single-loop learning is backward-looking, whereas double-loop learning relies purely on scenario forecasting.

49. A new streaming service enters the market with a very low initial monthly subscription fee to quickly attract a massive number of users. This strategy is known as :

(A) Price penetration

(B) Price discrimination

(C) Price skimming

(D) Peak load pricing

50. Under Section 53 of the Insolvency and Bankruptcy Code (IBC), 2016, which establishes the 'waterfall mechanism' for the distribution of liquidation proceeds, what is the statutory priority of secured creditors relative to workmen's dues ?

(A) Secured creditors are paid in full before any workmen's dues are considered.

(B) Workmen's dues for the 24 months preceding the liquidation commencement date rank *pari passu* (equally) with the debts owed to a secured creditor.

(C) Workmen's dues are considered unsecured debt and are paid only after all corporate taxes are settled.

(D) Secured creditors must relinquish all their claims to the government before workmen are paid.