UGC NET Commerce Memory Based Question Paper Jan 03, 2026 Shift 1

Q1. When all the factors of production are changed in the same proportion, it is called as:
A. Long run production function
B. Law of equal proportion
C. Law of return to scale
D. Law of return to a factor
E. Law of Variable proportion
Choose the correct answer from the options given below:

A. A, and C Only
B. B, C, D Only
C. C, D, E Only
D. A, C, [redacted]

Answer:
A
Sol:
Long Run Pro[redacted]
In the long ru[redacted]cable.
Law of Equal [redacted]
There is no re[redacted]
This term is n[redacted]
Law of Return[redacted]
The Law of Re[redacted]d in the same proportion (w[redacted]
If inputs doub[redacted]easing returns to scale), or le[redacted]
Law of Return[redacted]
This law appli[redacted]
It is a short-ru[redacted]
Law of Variab[redacted]
This law appli[redacted]d.
The question [redacted]cable.

Q2. The para[redacted]

A. t test
B. z test
C. Chi-Square test
D. Mann-Whitney test

Answer:
A
Sol:
The correct answer is t test. Specifically, it's the paired t-test (also known as the dependent samples t-test or repeated measures t-test).
Paired Samples: When you have paired samples, it means that the observations in your two groups are related. This often occurs when:

The same subjects are measured twice (e.g., before and after a treatment or intervention).
Subjects are matched based on specific characteristics (e.g., twins, or patients matched by age and severity of disease).
Parametric Test: A parametric test makes assumptions about the distribution of the population from which the samples are drawn. For the paired t-test, the key assumptions are that the differences between the paired observations are approximately normally distributed and that the data are continuous.
Paired t-test: The paired t-test is specifically designed for these situations. Instead of treating the two groups as independent, it calculates the difference between each pair of observations and then performs a one-sample t-test on these differences to see if their mean is significantly different from zero.
Additional Knowledge :-
z test: A z-test is a parametric test typically used when the sample size is large (generally > 30) and the population standard deviation is known. While it can compare means, it's not the primary choice for paired samples, especially if the sample size is small or the population standard deviation is unknown.
Chi-Square te [redacted] an association between two [redacted] red samples.
Mann-Whitne [redacted] mples. It's not appropriate fo [redacted] ent for paired samples is the [redacted]

Q3. What doe [redacted]

A. The p [redacted]
B. A situ [redacted] nts of finance than a [redacted]
C. The p [redacted]
D. A met [redacted]

Answer:
B
Sol:
Capital ration [redacted] s exceeds the available fund [redacted] s.
Information B [redacted]
Capital Ration [redacted] g for funding.
Firms must se [redacted] jects exceeds the budget av [redacted]
Ranking Prop [redacted] lects the best possible combination that aligns with its financial constraints.
Additional Knowledge:
Fund Allocation: Capital rationing helps ensure that limited resources (funds) are allocated in the most effective manner to achieve the maximum possible return for the firm.
Decision-Making: This method emphasizes choosing projects that provide the best return relative to the capital outlay, ensuring optimal investment in the company's growth.
Top of Form
Bottom of Form

Q4. Arrange the following in chronological order of their establishment (Old to New)

A. NAFTA

B. European Union

C. SAARC

D. ASEAN

Choose the correct answer from the options given below:

A. A, B, C, D
B. B, A, D, C
C. D, C, B, A
D. C, D, A, B

Answer:

C

Sol:

The correct ch [redacted]

ASEAN (D):

Established in [redacted] oc among the given options. [redacted]

SAARC (C):

Founded in 19 [redacted]

European Uni [redacted]

While the pro [redacted] was formally established in [redacted]

NAFTA (A):

NAFTA (North [redacted] nd the United States.

Q5. Based on [redacted]

(A) If r=0.85, i [redacted]

(B) If r=−0.40, [redacted]

(C) If r=0.10, i [redacted]

(D) If r=−0.95, [redacted]

Choose the co [redacted]

A. (A) an [redacted]
B. (B) an [redacted]
C. (D) only
D. (C) and (D)

Answer:

C

Sol:

The correlation coefficient r measures the strength and direction of the linear relationship between two variables, ranging from -1 to +1.

Let's evaluate each statement:

(a) If r=0.85, it indicates a high degree of positive correlation. This statement is correct. A value of 0.85 is close to +1, signifying a strong positive linear relationship.

(b) If r=-0.40, it indicates a low degree of negative correlation. This statement is correct. A value of -0.40 indicates a negative relationship, and its absolute magnitude (0.40) suggests a relatively weak or low degree of correlation.

(c) If r=0.10, it indicates a low degree of positive correlation. This statement is correct. A value of 0.10 is close to 0, indicating a very weak positive linear relationship.
(d) If r=-0.95, it indicates a moderate degree of negative correlation. This statement is incorrect. A value of -0.95 is very close to -1, indicating a high or very strong degree of negative correlation, not a moderate one.
Therefore, the only incorrect statement is (d).

Q6. Calculate the Break-Even Point (BEP) in rupees from the following data:
P/V Ratio = 30%
Fixed Cost = ₹90,000
Actual Sales = ₹4,00,000
Margin of Safety = ₹1,00,000

A. ₹2,00 [redacted]
B. ₹3,00 [redacted]
C. ₹2,50 [redacted]
D. ₹3,50 [redacted]

Answer:
B
Sol:
Break-Even Po [redacted] revenue [redacted] or loss. It can be calculated [redacted] llows [redacted]
Formula:

$$\text{BEP (in ₹)} = \frac{\text{Fixed Costs}}{\text{P/V Ratio}}$$

Where:
P/V Ratio (Pro [redacted]
Contribution [redacted]
Given data:
Fixed Cost = ₹ [redacted]
P/V Ratio = 30 [redacted] 30
Calculate BEP [redacted]

$$\text{BEP} = \frac{₹90,000}{0.30} = ₹3,00,000$$

Alternatively, the **Margin of Safety (MOS)** is the difference between actual sales and break-even sales:

$$\text{MOS} = \text{Actual Sales} - \text{BEP}$$

Given Margin of Safety = ₹1,00,000 and Actual Sales = ₹4,00,000,

$$₹1,00,000 = ₹4,00,000 - \text{BEP} \Rightarrow \text{BEP} = ₹4,00,000 - ₹1,00,000 = ₹3,00,000$$

Both methods confirm that the BEP is ₹3,00,000.

Information Booster: The BEP analysis is crucial for business decision-making. It helps determine the minimum sales required to avoid losses, guides pricing, cost control, and profit planning. The P/V ratio measures how much contribution is generated per rupee of sales, showing profitability sensitivity to sales changes. Margin of Safety indicates the cushion available before incurring losses, highlighting business risk. For example, a firm with a higher margin of safety is in a safer position compared to one with a low margin.

Q7. Match List I with List II

List I – International Trade Theories	List II – Theory Propoundness
A. Factor Endowment theory	I. Adam Smith
B. Product life cycle theory	II. Michael Porter
C. Absolute cost advantages theory	III. Heckscher and Ohlin
D. Competitive advantage theory	IV. Raymond Vernon

Codes:
Match the col[redacted]
A. A-I, B-[redacted]
B. A-III, [redacted]
C. A-II, B[redacted]
D. A-IV, [redacted]
Answer:
B
Sol:
A. Factor End[redacted]
The Hecksche[redacted] her and Bertil Ohlin.
B. Product life[redacted]
The Product L[redacted]
C. Absolute c[redacted]
The Absolute [redacted]
D. Competitiv[redacted]
The Competit[redacted]

Q8. Arrange t[redacted]
A. Mercantilis[redacted]
B. Comparativ[redacted]
C. Product Life[redacted]
D. Heckscher-[redacted]
Choose the correct answer from the options given below:
A. A, B, C, D
B. A, B, D, C
C. C, B, A, D
D. B, A, C, D
Answer:
B
Sol:
1. A. Mercantilism Theory: This theory dominated economic thought from the 16th to 18th centuries. It focused on accumulating wealth (gold and silver) through trade surpluses, prioritizing exports and restricting imports.

2. B. Comparative Advantage Theory: Developed by David Ricardo in 1817, this theory argues that countries should specialize in producing goods they can produce at a lower opportunity cost, leading to mutual benefits through trade.
3. D. Heckscher-Ohlin Theory: Introduced by Eli Heckscher (1919) and Bertil Ohlin (1933), this theory explains trade patterns based on differences in countries' factor endowments (relative abundance of resources like labor and capital).
4. C. Product Life Cycle Theory: This theory, developed by Raymond Vernon in 1966, explains how a product's trade pattern evolves as it moves through its life cycle from introduction to decline, with production potentially shifting from innovating countries to developing countries for cost advantages.
Therefore, the correct chronological order is A, B, D, C.

Q9. If an estimated Cobb-Douglas production function is Q=10K0.6L0.8, what type of returns to scale does this production function indicate?

A. Increa[redacted]
B. Decre[redacted]
C. Const[redacted]
D. Negat[redacted]

Answer:
A
Sol:
In a Cobb-Dou[redacted]he sum of the
exponents (α [redacted]
Increasing ret[redacted]
Decreasing re[redacted]
Constant retu[redacted]
In your examp[redacted]er than 1. This
indicates incre[redacted]
Information B[redacted]
Increasing ret[redacted]nal increase in output.
Decreasing re[redacted]nal increase in output.
Constant retu[redacted]al increase in output.
Negative retu[redacted]
Additional Inf[redacted]
The Cobb-Douglas function is commonly used in economics to model production and estimate returns to scale.
Increasing returns are common in industries where firms benefit from economies of scale.
Returns to scale are a key concept in understanding how scaling up production affects costs and output.

Q10. Which two of the following are correct about TDS certificates?
(A) TDS on salary payment - Form 16
(B) TDS on non-salary payment - Form 16A
(C) TDS on rent - Form 16B
(D) TDS on sale of property - Form 16C
Choose the correct option:

A. (A) and (B)

B. (A) and (C)
C. (A) and (D)
D. (B) and (C)

Answer:
A
Sol:
Form 16 – TDS on salary
Form 16A – TDS on non-salary payments
Form 16B – TDS on property sale
Form 16C – TDS on rent
Thus, A and B are correct.

Q11. Which [redacted]
A. Tax evasion [redacted]
B. Tax evasion [redacted]
C. Tax evasion [redacted]
D. Tax evasion [redacted]
E. Tax evasion [redacted]
Choose the [redacted]

A. A and [redacted]
B. A, B [redacted]
C. B, D [redacted]
D. A, C [redacted]

Answer:
A
Sol:
The correct [redacted] means.
Statement A [redacted] C is
correct [redacted] of
accounting [redacted]
Statement B [redacted] "Tax
Planning," [redacted] Statement E
is incorrect [redacted] tax regime to
one's [redacted]
Information Booster
Nature of Act: Tax evasion is a criminal offense that attracts heavy financial penalties and potential imprisonment under the Income Tax Act.
Methodology: It involves "colorable devices" such as maintaining double sets of books, claiming fake personal expenses as business expenses, or not reporting capital gains.
Intent (Mens Rea): There is a clear "guilty mind" or intent to defraud the government of its rightful revenue.
Impact on Economy: High levels of tax evasion lead to the generation of Black Money, which creates a parallel economy and hinders national development.
Burden of Proof: In cases of evasion, the burden of proof often lies heavily on the revenue authorities to establish that concealment or fraud has occurred.

Q12. The scheme of partial integration of tax or non-agricultural income with income derived from agriculture is applicable if an individual has:

A. Non-Agricultural income of more than the exemption limit or agricultural income exceeding ₹5000
B. Non-Agricultural income of more than the exemption limit or agricultural income exceeding ₹2500
C. Non-Agricultural income of more than the exemption limit and agricultural income exceeding ₹2500
D. Non-Agricultural income of more than the exemption limit and agricultural income exceeding ₹5000

Answer:
D
Sol:
The scheme of partial integration of tax or non-agricultural income with income derived from agriculture is applicable if an individual has:
Non-agricultural income of more than the exemption limit AND
Agricultural i [redacted]
Explanation o [redacted]
Although agri [redacted] come Tax Act,
1961, a mech [redacted] ome when an
individual ha [redacted] dividuals with
substantial ag [redacted]
Conditions fo [redacted]
The partial int [redacted]
Net Agricultur [redacted]
Non-Agricultu [redacted]
The basic exe [redacted]) they opt for.

Q13. What do [redacted]

A. The e [redacted]
B. The s [redacted] ons.
C. The te [redacted]
D. The p [redacted]

Answer:
B
Sol:
Organizationa [redacted] ules that help
bind the orga [redacted] e organization
and with the outside world.
Information Booster:
Organizational Culture: Also referred to as corporate culture, it includes the values and philosophies that guide behavior, decision-making, and relationships in an organization.
Elements: It encompasses shared experiences, expectations, and future goals that collectively define the organization's identity.
Additional Knowledge:
Impact of Culture: Organizational culture directly influences employee behavior, satisfaction, and performance. It helps create a cohesive working environment and fosters a sense of belonging and purpose.

Q14. Which of the following statements is/are incorrect regarding the different types of demand in marketing? Indicate the correct code.

I. In Unwholesome Demand, consumers seek to avoid products that have undesirable social consequences.
II. In Negative Demand, consumers dislike the product and may even pay to avoid it.
III. In Full Demand, consumers are buying products just at the level the company desires.
IV. In Latent Demand, consumers have a need that cannot be satisfied by any existing product.

A. I and II
B. I and III
C. II and III
D. II and IV

Answer:
A
Sol:
Statements I a [redacted]
Statement I is [redacted] d undesirable by society (e.g. [redacted] tive effects.
Statement II i [redacted] nd may pay to avoid it (e.g., [redacted]
Statement III [redacted] tly as per the company's ex [redacted]
Statement IV [redacted] desire that is not satisfied b [redacted]
Information B [redacted]
Types of Dem [redacted]
1. Unwholeso [redacted]
2. Negative D [redacted]
3. Full Deman [redacted]
4. Latent Dem [redacted]

Q15. Which [redacted] AR), Marginal Revenue (MR) [redacted]

A. MR = [redacted]
B. AR = [redacted]
C. MR = [redacted]
D. MR = AR + (e - 1)/(e + 1)

Answer:
C
Sol:
The correct formula that shows the relationship between Average Revenue (AR), Marginal Revenue (MR), and Price Elasticity of Demand (e) is:

MR = AR × (e - 1)/e

Explanation:

- Average Revenue (AR): AR, also the price (P), is the revenue per unit sold when a firm sells all units at the same price.
- Marginal Revenue (MR): MR is the additional revenue from selling one more unit.

- Price Elasticity of Demand (e): Demand elasticity measures how the quantity demanded changes with price. The relationship between MR and demand elasticity is important for understanding how changes in price affect total revenue.

Q16. International standards on auditing (ISAs) are generally issued and promoted by which of the following global organizations?
A. International Federation of Accountants (IFAC)
B. International Accounting Standards Board (IASB)
C. International Auditing and Assurance Standards Board (IAASB)
D. International Organization of Securities Commissions (IOSCO)
Choose the correct answer from the options given below:

A. A & C [redacted]
B. A & B [redacted]
C. B & D [redacted]
D. C & D [redacted]

Answer:
A
Sol:
The correct a [redacted] ional Auditing and Assuranc [redacted] Standards on Auditing (ISAs [redacted]
A (IFAC): The [redacted] he accounting profession an [redacted] gh its various boards.
C (IAASB): The [redacted] uditing (ISAs). The IAASB's st [redacted]
Information B [redacted] across various countries. The [redacted] dits, ensuring that auditors [redacted]

Q17. If a new [redacted]

A. Waive [redacted]
B. Remis [redacted]
C. Novation
D. Alteration

Answer:
C
Sol:
Novation occurs when a new contract replaces an existing contract with the agreement of all parties involved. This means that obligations under the old contract are completely discharged, and a fresh contract with new terms takes effect.
Incorrect options:
Waiver (a): This refers to the voluntary relinquishment of a legal right.
Remission (b): This involves accepting a lesser amount than what is due.
Alteration (d): This means modifying the terms of an existing contract without replacing it entirely.

Q18. Which of the following are considered characteristics of a 'Greenfield Investment' as a mode of Foreign Direct Investment?
A. Establishing a new operational facility from the ground up
B. Purchasing a controlling stake in an existing foreign company
C. Creating a completely new business entity in the host country
D. Merging with an overseas competitor
E. Forming a new corporate entity with a local partner
Choose the correct answer from the options given below:

A. A, C and E only
B. A, B and C only
C. B, C a[redacted]
D. A, C a[redacted]

Answer:
A
Sol:
A Greenfield [redacted], rather than acquiring or [redacted]
A. Establishing [redacted]
C. Creating a [redacted]
E. Forming a [redacted]
Information B[redacted]
Greenfield Inv[redacted]ns in a foreign country, typic[redacted] of investment allows a comp[redacted]pany's culture or practices.

Q19. The Envi[redacted]hich it may be influenced, di[redacted]

A. Cope[redacted]
B. Wlee[redacted]
C. Reine[redacted]
D. None[redacted]

Answer:
C
Sol:
The correct answer is (c) Reinecke and Shoell.
Reinecke and Shoell are credited with defining the business environment as "The Environment of business consists of all those external things to which it is exposed and by which it may be influenced, directly or indirectly." This definition emphasizes the broad and dynamic factors that affect business operations, including social, economic, technological, and political influences from the external environment.
Information Booster:
The concept of business environment refers to the factors that influence a business's decision-making and overall operations. These factors can be categorized into two broad types:
1. Internal environment: Factors within the organization, such as management, employees, and internal policies.

2. External environment: The external forces such as economic conditions, competition, technological advancements, government regulations, social factors, and cultural influences.
Understanding the business environment is essential for companies to make informed decisions and develop strategies that adapt to changing conditions.

Q20. "That personal leverage can replace corporate leverage" is assumed by

A. Traditional Approach
B. M M Model
C. Net Income Approach
D. Net Operating Income Approach

Answer:
B
Sol:
The statemen [redacted] -Miller (M-M) Model. Accor [redacted] use personal leverage (bor [redacted] is means that investors can [redacted] cture, making the capital str [redacted]
Information B [redacted] saction costs, meaning that [redacted] mimicked by investors usin [redacted]
Additional Kn [redacted]
(A) Traditiona [redacted] cost of capital decreases up [redacted] t assume that personal lever [redacted]
(C) Net Incom [redacted] cost of capital, but it does no [redacted]
(D) Net Opera [redacted] ant regardless of leverage, b [redacted]

Q21. The EBI [redacted] s is known as the:

A. Finan [redacted]
B. Indifference Point
C. Leverage Crossover
D. Optimal Capital Structure

Answer:
B
Sol:
The Indifference Point is the EBIT level at which the Earnings Per Share (EPS) is the same for two alternative financial plans. At this point, the choice between the financial plans (e.g., using debt or equity financing) does not affect the company's EPS. This is a key concept in capital structure decisions, helping the firm to determine the level of EBIT where the impact of different financing choices (debt vs. equity) results in the same return to shareholders.
Information Booster: The Indifference Point is crucial for a company in deciding whether to finance through debt or equity. The firm calculates the indifference point where the cost of debt financing (with interest payments) balances

the benefits of equity financing (such as no obligation for interest payments). If the EBIT is lower than the indifference point, equity financing might be better, as debt financing could lead to higher interest costs. If EBIT is higher than the indifference point, debt financing might be more advantageous due to the tax advantages and the leverage effect.

Additional Knowledge:

(A) Financial Break-even Point: This refers to the level of EBIT where the firm covers its fixed costs, including interest payments, but does not make a profit. It's different from the indifference point.

(C) Leverage Crossover: This term refers to the EBIT level at which the effects of operating leverage and financial leverage intersect. It is often used in the context of understanding how changes in EBIT affect the financial returns from different capital structures but is not the same as the indifference point.

(D) Optimal Capital Structure: The optimal capital structure refers to the best mix of debt and equity financing that minimizes the company's cost of capital and maximizes its value. While related to financing decisions, it is not the same as the indifference point, which focuses on where EPS is identical across financing options.

Q22. Which d [redacted]

I) Residual div [redacted]

II) Stable divic [redacted]

III) Constant d [redacted]

IV) Zero divide [redacted]

Options:

A. I and [redacted]
B. I, II ar [redacted]
C. II and [redacted]
D. III anc [redacted]
E. All of [redacted]

Answer:

A

Sol:

Residual Divic [redacted]

In a residual d [redacted] earnings.

After meeting [redacted] re distributed as dividends.

This policy is p [redacted] aining profits to shareholde [redacted]

Stable Divider [redacted]

A stable dividend policy is characterized by maintaining a relatively consistent dividend payout to shareholders, often regardless of fluctuations in earnings.

The objective of this policy is to provide shareholders with a predictable and stable stream of dividend income.

Q23. In statistics, the standard deviation of a sampling distribution is specifically known as the:

A. Sampling Error
B. Standard Deviation
C. Standard Error
D. Margin of Error

Answer:

C

Sol:
The standard deviation of a sampling distribution represents how much the sample statistic (such as the sample mean) is expected to vary from sample to sample. This measure is specifically called the *Standard Error* . It helps quantify the precision of an estimate—lower standard error indicates a more reliable estimate of the population parameter.
The standard error (SE) is calculated as:

$$SE = \frac{\sigma}{\sqrt{n}}$$

where:
= population standard deviation
= sample size
As the sample [redacted] ighter around the true popu [redacted]

Q24. Arrange [redacted] come Tax Act, 1961:
A. Deduction [redacted] isab [redacted]
B. Deduction [redacted] E)
C. Deduction [redacted])
D. Deduction [redacted] n 80 [redacted] C)
E. Deduction [redacted]
   A. C, A, [redacted]
   B. C, E, [redacted]
   C. A, C, [redacted]
   D. C, B, [redacted]

Answer:
A
Sol:
According to [redacted]
- Sectio [redacted]
- Sectio [redacted]
- Sectio [redacted]
- Sectio [redacted]
- Sectio [redacted]

Hence, the correct chronological order is:
C (80C), A (80DD), B (80E), E (80GG), D (80GGC)
Therefore, the correct answer is (a).
Therefore, option (a) C, A, B, E, D is the correct sequence.
Information Booster: Sections 80C to 80U offer various deductions under Chapter VI-A of the Income Tax Act to incentivize savings, investments, education, health care, and political participation. Section 80C is the most commonly used, allowing deductions on life insurance premiums and other investments. Section 80DD supports families with disabled dependents, while Section 80GG benefits those paying rent without HRA. Section 80E encourages education through loan interest deductions, and Section 80GGC promotes political funding transparency.
Additional Knowledge:
Knowing the section-wise order helps taxpayers and professionals quickly locate applicable deductions.

Each section has specific conditions, limits, and eligible investments or expenses.
Proper utilization of these deductions can significantly reduce taxable income.
Hence, option (a) is the correct ascending section-wise order of these provisions.

Q25. A charitable trust (registered under section 12 AB of the Income Tax Act) is registered under GST in New Delhi. It Provided yoga training to middle-aged people, coaching for Basket-ball to teenagers and skill development services to persons over the age of 65 years residing in New Delhi in the month of July. This trust is liable to pay GST on:

A. Yoga training
B. Skill-development services
C. Coaching for basket-ball
D. Coaching for basket-ball and Yoga training

Answer:
B
Sol:
A charitable t [redacted] w Delhi, offers yoga training [redacted] sidents above 65 years old i [redacted] for specifically exempted ser [redacted] for the supply of goods by c [redacted]

Q26. In capita [redacted]

A. Negat [redacted]
B. Positi [redacted]
C. Equal [redacted]
D. Less t [redacted]

Answer:
B
Sol:
In capital bu [redacted] ero. The NPV method evalu [redacted] e cash flows, discounted at [redacted]
If the NPV is p [redacted] ould increase the wealth of [redacted]
If the NPV is zero, the project is expected to generate just enough returns to cover the cost of capital, and while it does not add value, it is still acceptable because it meets the minimum return requirements.
If the NPV is negative, the project is expected to destroy value and should be rejected.
Thus, the project is acceptable if the NPV is positive or zero.

Q27. Which of the following statements correctly distinguish between Foreign Direct Investment (FDI) and Foreign Portfolio Investment (FPI)?
(A) FDI involves long-term interest and management control, whereas FPI is limited to passive holdings in financial assets.
(B) FDI is more volatile in nature compared to FPI as it can be withdrawn quickly in response to market conditions.
(C) FPI contributes more directly to the productive capacity of an economy than FDI.

(D) FDI typically comes with technology transfer, managerial expertise, and employment generation, unlike FPI.

Choose the correct answer from the options given below:

A. B, C only
B. A, C only
C. B, D only
D. A, D only

Answer:

D

Sol:

Statement (A) is correct. Foreign Direct Investment (FDI) refers to investment in physical assets or a significant stake (generally 10% or more) in a foreign enterprise, often resulting in management influence or control. FPI, on the other hand, involves investment in financial assets like stocks and bonds without any managerial control—hence it is more passive.

Statement (D) [redacted]

Q28. What is [redacted]

A. It was [redacted]
B. It replaced the General Agreement on Tariffs and Trade (GATT) in 1986.
C. The WTO was created to implement the final agreement of the Uruguay Round of GATT in 1995.
D. It was formed after the establishment of the United Nations Conference on Trade and Development (UNCTAD) in 1963.

Answer:

C

Sol:

The World Trade Organization (WTO) was established on January 1, 1995, to implement the final act of the Uruguay Round of GATT. The Uruguay Round, initiated in September 1986, concluded with the creation of the WTO, marking a shift from GATT to a more comprehensive international trade organization. The WTO's headquarters were approved by the WTO General Council in Geneva, Switzerland, in May 1995.

Information Booster: The WTO's creation was crucial in transforming global trade governance, succeeding the General Agreement on Tariffs and Trade (GATT). Unlike GATT, which was a series of agreements rather than a formal institution, the WTO was established with a permanent structure, comprehensive rules, and the authority to enforce trade agreements. The 1995 establishment followed the conclusion of the Uruguay Round, which marked significant trade negotiations to liberalize international trade and involved both developed and developing countries.

Q29. Presentation of Financial Statements is related to which Indian accounting standard?

A. Ind- AS:1
B. Ind- AS: 8
C. Ind-AS: 28
D. Ind-AS: 34

Answer:
A
Sol:
Ind-AS 1 is th [redacted] l statements. The standard [redacted] l statements, including the [redacted]

Q30. Assertio [redacted] bjective in its monetary pol [redacted]
Reasoning (R [redacted] inflation and promoting ec [redacted]
Options:

A. Both [redacted] ssertion (A).
B. Both [redacted] for Assertion (A).
C. Asser [redacted]
D. Asser [redacted]
E. Both [redacted]

Answer:
B
Sol:
The RBI, like [redacted] bility, which it does through inflation targeting. This means that the RBI sets a specific target for the inflation rate and uses various monetary policy tools to keep inflation within that target range. The rationale behind this is that stable prices create a favorable environment for economic growth, as they reduce uncertainty and allow businesses and consumers to make long-term plans.
However, controlling inflation is not the RBI's only objective. The RBI also aims to promote economic growth and financial stability. This means that the RBI must sometimes balance its efforts to control inflation with the need to support economic growth, especially in times of economic downturns. For instance, during a recession, the RBI might lower interest rates to stimulate borrowing and investment, even if this risks higher inflation in the short term.
Both the assertion and the reasoning are true. The RBI does indeed focus on inflation targeting as a key objective. However, the reasoning provided explains another aspect of the RBI's role, which is to balance inflation control with promoting economic growth. Therefore, while the reasoning is true, it does not directly explain why inflation targeting is a primary focus for the RBI. This makes option (b) the correct choice.

Q31. Which of the following correctly differentiates between collusive and non-collusive oligopoly?

A. Collusive oligopoly allows new firms to freely enter, while non-collusive restricts entry.
B. Collusive oligopoly involves product differentiation, while non-collusive involves homogeneous products.
C. Collusive oligopoly involves mutual understanding among firms to fix prices or output, while non-collusive involves independent decision-making and competition.
D. Collusive oligopoly occurs in organized markets, while non-collusive exists only in international markets.

Answer:
C
Sol:
In a collusive oligopoly, firms cooperate, either explicitly or tacitly, to set prices or output. This coordination reduces competition. [redacted]
In a non-collu [redacted] erms of price, output, and st [redacted]
Information B [redacted]
From the ima [redacted]
Pure oligopo [redacted] poly involves differentiated [redacted]
Open oligopo [redacted]
Partial oligop [redacted]
Syndicated an [redacted]

Q32. Which o [redacted] of NABARD?

A. To pr [redacted]
B. To gra [redacted]
C. To se [redacted]
D. To tak [redacted]

Answer:
B
Sol:
NABARD (Nat [redacted] the Central Government. [redacted] development. NABARD also [redacted] nment.
Information Booster: NABARD was established to promote sustainable and equitable agriculture and rural development through financial and developmental support. It refines credit to banks and cooperatives and plays a supervisory role.

Q33. SIDBI was set up as a subsidiary of IDBI to:

A. Take over the functions of small business financing of IDBI
B. Take over the venture capital operation of IDBI
C. Reconstruct and rehabilitate the sick and closed industrial units financed by IDBI
D. Facilitate, finance, and promote India's foreign trade

Answer:
A

Sol:
The Small Industries Development Bank of India (SIDBI) was established in 1990 as a subsidiary of IDBI to take over IDBI's small business financing operations. SIDBI's primary objective is to promote, finance, and develop micro, small, and medium enterprises (MSMEs).
Information Booster:
SIDBI provides refinancing, direct lending, and support services to MSMEs.
It also helps in skill development and cluster development programs for small businesses.
Additional Knowledge:
(b): SIDBI does not handle venture capital operations exclusively.
(c): Rehabilitation of sick units is managed by separate mechanisms.
(d): Facilitating foreign trade is the role of institutions like EXIM Bank.

Q34. Arrange [redacted]
A. Job Offer
B. Preliminary [redacted]
C. Backgroun [redacted]
D. Employme [redacted]
E. Final Interv [redacted]
Choose the c [redacted] ow:
A. B, D, [redacted]
B. D, B, [redacted]
C. B, E, [redacted]
D. D, E, [redacted]
Answer:
A
Sol:
The correct se [redacted] → A:
1. B: Prelimin [redacted] ased on basic qualifications [redacted] ble for further evaluation.
2. D: Employ [redacted] heir aptitude, skills, knowle [redacted] technical and cognitive skill [redacted]
3. E: Final Int [redacted] committee. It evaluates the candidate's fit with the organization's culture, communication skills, and decision-making capabilities.
4. C: Background Check – Once the final candidate is selected, a background verification is conducted to confirm educational qualifications, employment history, criminal record (if applicable), and other relevant details.
5. A: Job Offer – The final step is offering employment to the selected candidate, including details about compensation, job role, and terms of employment.

Q35. Match the measures of skewness in LIST-I with their correct formulas in LIST-II:

LIST-I	LIST-II
A. Karl Pearson's Coefficient of Skewness	I. $\frac{Q_3+Q_1-2M}{Q_3-Q_1}$
B. Bowley's Coefficient of Skewness	II. $\frac{P_{90}+P_{10}-2\text{Median}}{P_{90}-P_{10}}$
C. Kelly's Co[redacted]	$\frac{(\mu_3)^2}{(\mu_2)^3}$
D. Moment C[redacted]	$\frac{\text{Mean}-\text{Mode}}{\text{Standard Deviation}}$

Choose the co[redacted]w:

A. A–IV, [redacted]
B. A–II, B[redacted]
C. A–III, [redacted]
D. A–I, B[redacted]

Answer:
A
Sol:
The correct m[redacted]
A. Karl Pearso[redacted]ess. It is based on the relatio[redacted]

$$\text{Sk} = \frac{Mean - Mode}{Standard\ Deviation}$$

B. Bowley's C[redacted]artiles, which are positional[redacted]dard deviation cannot be cal[redacted]

$$\text{Sk} = \frac{Q_3 + Q_1 - 2M}{Q_3 - Q_1}$$

C. Kelly's Coefficient of Skewness: This measure is also a positional measure like Bowley's but uses a broader range of the distribution, specifically the 10th and 90th percentiles (P10 and P90), leaving out only 20% of the observations (10% in each tail). The formula is:

$$\text{Sk} = \frac{P_{90} + P_{10} - 2Median}{P_{90} - P_{10}}$$

D. Moment Coefficient of Skewness (β_1 or γ_1): This measure uses the moments about the mean. The formula given in List-II is for β_1 (Beta-one), which is related to the square of the coefficient of skewness based on the third central moment. The formula is:

$$\text{Sk} = \frac{(\mu_3)^2}{(\mu_2)^3}$$

Q36. Which of the following statements is incorrect regarding the cash flow statement?

A. Depreciation is added back to net profit in the cash flow from operating activities.
B. Cash received from the issue of shares is shown under cash flow from financing activities.
C. Cash [redacted]
D. Intere [redacted]

Answer:
D
Sol:
Interest paid [redacted] ash flow from financing acti [redacted] ng capital and repaying it, in [redacted]
Information B [redacted]
Cash Flow Sta [redacted] at shows how changes in ba [redacted] ysis into three sections:
1. Operating [redacted] rom sales and cash payment [redacted]
2. Investing A [redacted] the purchase of equipment [redacted]
3. Financing [redacted] ssuing shares, borrowing, or [redacted]
Additional Kn [redacted]
Incorrect Opti [redacted]
(a) Depreciati [redacted] depreciation is a non-cash ex [redacted]
(b) Cash recei [redacted] as it involves raising capital [redacted]
(c) Cash paid for purchasing fixed assets is included in cash flow from investing activities: Correct, as investing activities relate to the purchase and sale of long-term assets.