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Previous Year Paper

PFRDA Grade A Phase 2

General Paper II 2021

Refer to the following Data for Q1-Q3

The Balance Sheet and Profit and Loss Statement of JKL Ltd is as follows:

| Balance Sheet | Amount (Rs.) | Profit & Loss Statement | Amount (Rs.) |
|-------------------------------------|------------------|----------------------------|-----------------|
| Non-Current Assets | 23,50,000 | Revenue | 60,00,000 |
| Current Assets | 31,00,000 | Raw Material | 37,80,000 |
| Total Assets | 54,50,000 | Direct expenses | 7,60,000 |
| Share Capital | 10,00,000 | Overhead Expenses | 6,70,000 |
| Retained Earnings | 20,00,000 | Depreciation | 1,00,000 |
| Debt | 14,40,000 | Interest | 4,00,000 |
| Current Liabilities | 10,10,000 | Tax | 90,000 |
| Total Equity and Liabilities | 54,50,000 | Profit for the year | 2,00,000 |

1. What is the Current Ratio of JKL Ltd based on given information?

- a) 0.57
- b) 1.03
- c) 1.32
- d) 2.15
- e) **3.07**

Ans. E

Current Ratio = Current assets/current liabilities

$$= 31,00,000/10,10,000$$

$$= 3.07$$

2. Calculate the Return on Capital employed of JKL Ltd based on given information?

- a) 3.67%
- b) 4.50%
- c) 12.67%
- d) 15.54%**
- e) 23.00%

Ans. D

Return on capital employed (RoCE) = EBIT/Capital employed*100

EBIT = Net profit + Interest+ Tax

$$= 200,000 + 400,000 + 90,000 = 690,000$$

Capital employed = Equity +Debt

$$= 10,00,000 + 20,00,000 + 14,40,000$$

$$= 44,40,000$$

RoCE = 69,000/44,40,000*100

$$= 15.54\%$$

3. Calculate the Asset coverage ratio of JKL Ltd based on given information?

- a) 3.08**
- b) 0.26
- c) 0.32
- d) 3.78
- e) 2.96

Ans. A

Asset Coverage ratio = Net assets/ total Debt

Net Assets = Total Assets – intangible assets – current liabilities

$$= 54,50,000 - 10,10,000$$

$$= 44,40,000$$

Total debt = 14,40,000

Asset Coverage ratio = 44,40,000/14,40,000

$$= 3.08$$

4. Which of the following ratio is given by the formula EBIT by Sales?
- a) Gross Profit Ratio
 - b) Operating profit ratio**
 - c) Operating Ratio
 - d) Net Profit Ratio
 - e) Return on Capital

Ans. B

Operating profit ratio is one of the profitability ratios calculated as operating profit/revenue o sales. The operating profit is represented by EBIT (earnings before interest and tax).

Operating Profit = EBIT/Sales

Operating profit ratio helps to analyse the performance of business and throws light on the operational efficiency of the business.

5. A company made credit sales of Rs.72 lakh in the year. If the debtors value at end of the year was Rs.12 lakh, what will be the average age of receivables, assuming there are 360 days in a year?
- a) 6 days
 - b) 30 days
 - c) 60 days**
 - d) 90 days
 - e) Cannot be calculated

Ans. C

Average age of receivables = 360/receivables turnover

Receivables turnover = credit sales/average debtors

$$= 72 \text{ lakh}/12 \text{ lakh}$$

$$= 6 \text{ times}$$

Therefore, average age of receivables = 360/6 = 60 days

6. As per accounting standards, depreciable amount of a depreciable asset should be allocated on _____
- a) Systematic Basis**
 - b) written down value basis
 - c) Reducing Balance basis
 - d) Pro-rata basis
 - e) Percentage basis

Ans. A

AS 6 defines depreciation as a measure of the wearing out, consumption or other loss of value of a depreciable asset arising from use, passage of time or obsolescence through technology and market changes.

Depreciation is allocated so as to charge a fair proportion of the depreciable amount in each accounting period during the expected useful life of the asset. Depreciation includes amortisation of assets whose useful life is predetermined.

The depreciable amount of a depreciable asset should be allocated on a systematic basis to each accounting period during the useful life of the asset.

7. As per Schedule III, which of the following is not a current liability?
- a) Short term Borrowings
 - b) Interest accrued but not due on borrowings
 - c) Deferred Tax Liability**
 - d) Trade Payable
 - e) None of the above

Ans. C

As per Schedule III of Companies Act 2013, the liabilities are shown as

| EQUITY AND LIABILITIES |
|---|
| <u>Shareholders' Fund</u> |
| a. Share Capital (A) |
| b. Reserves and Surplus (B) |
| c. Money received against share warrants |
| <u>Share application money pending allotment</u> |
| <u>Non-Current Liabilities</u> |
| a. Long-Term Borrowings (C) |
| b. Deferred Tax Liabilities (Net) |
| c. Other-Long Term Liabilities (D) |
| d. Long-Term provisions (E) |
| <u>Current Liabilities</u> |
| a. Short-Term Borrowings (F) |
| b. Trade Payables (G) |
| c. Other current liabilities |
| d. Short-Term provisions (H) |
| TOTAL |

Note in above – Deferred Tax Liabilities are part of non-current liabilities

Current liabilities include:

- **Short-Term Borrowings – shall include loans repayable on demand (from banks and from other parties), loans and advances from related parties, deposits, other loans and advances, and current maturities of long term borrowings**
- **Trade Payables**
- **Other Current Liabilities – includes current maturities of finance lease obligations (note – current maturities of long term debt are now shown under short term borrowings), interest accrued but not due on borrowings, interest accrued and due on borrowings, income received in advance, unpaid dividend, unpaid matured deposits, unpaid matured debentures, other payables.**
- **Short-Term Provisions – Provision for employee benefits and others of short-term nature**

8. The investments which by their nature are readily realizable and are intended to be held for less than a year from the date when such investment is done are known as _____
- a) Long term investments
 - b) Short term investments
 - c) Current investments**
 - d) Cash investments
 - e) Quick Investments

Ans. C

As per AS-13, current investments are investments which by their nature are readily realizable and are intended to be held for less than a year from the date when such investment is done.

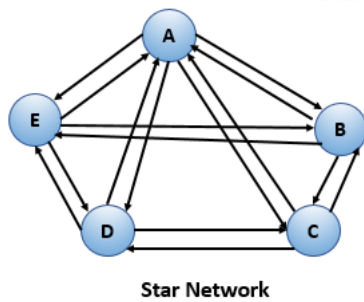
Long-Term are investments other than the current investments, even though they might be freely marketable.

9. Under which communication network every employee can talk to every other employee in an organisation organization?
- a) Chain network
 - b) Vertical network
 - c) Wheel network
 - d) Star network**
 - e) Circuit network

Ans. D

Star or all-channel Network:

Under star communication network all members of the group communicate with each other and exchange information. This network is a must for group communication or where teamwork is involved.



10. Which of the following function of management requires intellectual ability?

- a) **Planning**
- b) Organising
- c) Staffing
- d) Controlling
- e) Directing

Ans. A

Planning means looking ahead and chalking out future courses of action to be followed.

Planning is an intellectual process involving creative thinking, sound judgement and imagination and rational thinking.

11. Which of the following strategy is made by the senior most management in large corporates?

- a) **Corporate strategy**
- b) Business Strategy
- c) Functional Strategy
- d) Operational Strategy
- e) Competitive strategy

Ans. A

Strategy is at the foundation of every decision that has to be made within an organization.

- *Corporate Strategy - It is about selecting an optimal set of businesses and determining how they should be integrated into a corporate whole. Typically, major investment and divestment decisions are made at this level by top management.*
- *Business level strategy or competitive strategy - business-level strategy is aimed at gaining a competitive advantage by offering true value for customers while being a unique and hard-to-imitate player within the competitive landscape. These are also done at top level but below corporate strategy.*
- *Functional strategy - These strategies are often aimed at improving the effectiveness of a company's operations within departments. Within these department, workers often refer to their 'Marketing Strategy', 'Human Resource Strategy', etc.*
- *Operational strategy - It gives form to the operating units of an organization. An operating strategy is put across at the field level, usually to achieve on-hand objectives.*

4 Levels of Strategy

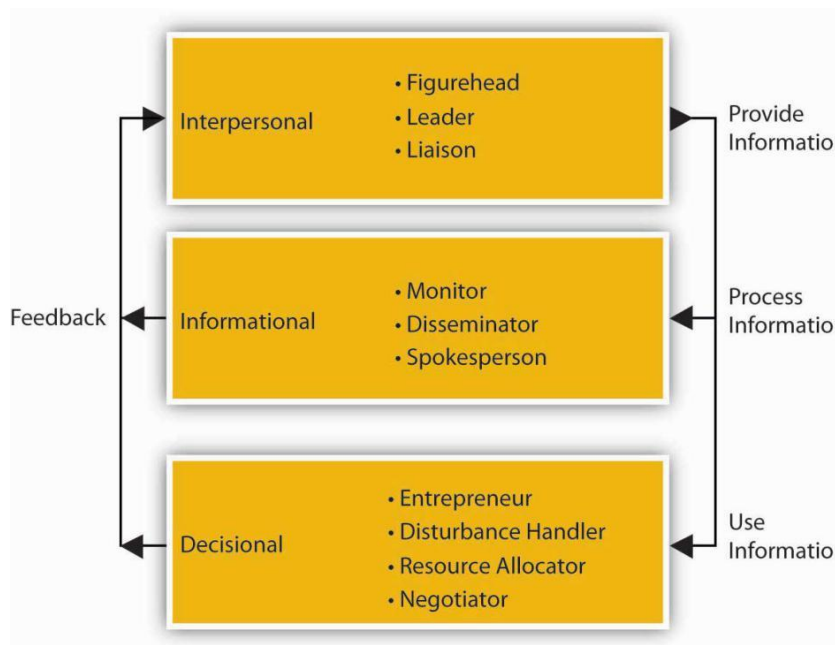


12. Which of the following is an interpersonal role of manager as per Mintzberg?

- a) **Leader**
- b) Spokesperson
- c) Disseminator
- d) Negotiator
- e) Entrepreneur

Ans. A

According to Henry Mintzberg, a manager has 10 roles sub-divided into three categories:



13. A managerial approach that entails a dominant authoritative personality and at the same time leader is sensitive about followers feeling is _____

- a) Democratic leadership style
- b) **Paternalistic Leadership Style**
- c) Charismatic Leadership
- d) Servant Leadership
- e) Transactional Leadership

Ans: B

Paternalistic leadership is a managerial approach that entails a dominant authoritative personality who acts as a matriarch or patriarch and treats partners and employees just like they are members of large extended families. In turn, the leaders expect trust, obedience and loyalty from the employees.

A Paternalistic Leader creates such an amicable ambience at the workplace that employees consider their team as a family. Yearning to belong to a group is a natural human tendency. Just like families have a head; organizations have leaders, who occupy an authoritative position to determine what's best for the team. Paternalistic leadership is an approach, where a leader is equipped to adhere to the interests of the employees and the organization.

14. _____ is the process of choosing a career, improving one's skills, and advancing along a career path.

- a) Career planning
- b) Career management
- c) Career development**
- d) Career ladder
- e) Career progression

Ans. C

Career development is the process of choosing a career, improving one's skills, and advancing along a career path. Career development starts with career planning (Process of selecting career goals and the path to these goals) and then career management (designing and implementing goals, plans, and strategies to enable an employee to achieve career goals while satisfying organisational needs).

15. Which motivation theory centres on the idea that people are driven to engage in activities to develop or demonstrate their skills?

- a) **Competence Motivation theory**
- b) Drive reduction theory
- c) Attribution theory
- d) Aggression Theory of motivation
- e) Intrinsic motivation theory

Ans. A

Competence motivation is a theory that centers on the idea that people are driven to engage in activities to develop or demonstrate their skills. If someone successfully performs a challenging task and receives praise from family or peers for it, then they will experience a belief in their competence in that achievement domain.

This theory was given by Susan Harter which suggests that people (in her case, she was specifically referencing children) will move toward activities they feel a greater competency in and shun subjects that are more challenging. She developed an instrument, called the 'Perceived Competence Scale for Children,' which distinguished areas of competence. The scale has four domains:

- *physical*
- *cognitive*
- *social*
- *Self-worth*

16. Recently in November 2021 RBI came out with the Integrated Ombudsman Scheme 2021.

This scheme is not applicable to which of the following?

- a) Commercial Banks
- b) Regional Rural Banks
- c) Cooperative banks
- d) **Housing Finance Companies**
- e) Deposit taking NBFCs

Ans. D

In November 2021, RBI came out with the Integrated Ombudsman Scheme 2021 which integrated the three Ombudsman schemes of RBI namely, (i) the Banking Ombudsman Scheme, 2006; (ii) the Ombudsman Scheme for Non-Banking Financial Companies, 2018; and (iii) the Ombudsman Scheme for Digital Transactions, 2019.

The Scheme covers the following regulated entities:

- i. all Commercial Banks, Regional Rural Banks, Scheduled Primary (Urban) Co-operative Banks and Non-Scheduled Primary (Urban) Co-operative Banks with deposits size of Rupees 50 crore and above as on the date of the audited balance sheet of the previous financial year;*
- ii. all Non-Banking Financial Companies (excluding Housing Finance Companies) which (a) are authorised to accept deposits; or (b) have customer interface, with an assets size of Rupees 100 crore and above as on the date of the audited balance sheet of the previous financial year;*
- iii. all System Participants as defined under the Scheme.*

17. Which of the following entity gives guarantee to MSMEs for loan under the emergency credit line guarantee scheme (ECLGS)?

- a) Ministry of Finance
- b) RBI
- c) SIDBI
- d) NCGTC**
- e) NPCI

Ans. D

The ECLGS provides for the Guaranteed Emergency Credit Line (GECL) facility. The GECL is a loan for which 100% guarantee is provided by the National Credit Guarantee Trustee Company (NCGTC) to Member Lending Institutions (MLIs) - banks, financial institutes and NBFCs.

- *The loans are extended in the form of additional working capital term loan facility in case of banks and additional term loan facility in case of NBFCs to eligible Micro, Small and Medium Enterprises (MSMEs)/business enterprises and interested Pradhan Mantri Mudra Yojana (PMMY) borrowers.*
- *First-time borrowers and Non-Performing Asset (NPA) accounts cannot raise funds under the scheme.*
- *The tenor of loans provided under the GECL facility is four years from the date of disbursement.*

A moratorium period of one year on the principal amount is provided.

- *Interest rates of banks and financial institutions have been capped at 9.25% per annum, while NBFCs can lend at a maximum of 14% per annum.*

18. Tobin Tax is applicable on which of the following?

- a) Equity transactions
- b) Debt securities transactions
- c) G-Sec transactions
- d) Forex transactions**
- e) Gold Transactions

Ans. D

Tobin tax is a tax on international flow of short term capital. The tax is known after economist James Tobin who proposed it in 1972 in the form a currency transaction tax.

Basically, Tobin tax aims to discourage volatile short term capital flows or hot money which are very speculative. The burden of a Tobin tax is inversely proportional to the length of the transaction, i.e., the shorter the holding period, the heavier the burden of tax.

Variants of Tobin tax are imposed by many countries to discourage short term capital flows or hot money. In India, the Securities Transaction Tax (STT) can be considered as a type of Tobin tax.

19. The price of the Sovereign Gold Bond is fixed in Indian rupees is based on simple average of closing price of 999 purity gold of how many days?

- a) 2 days
- b) 3 days**
- c) 5 days
- d) 7 days
- e) 10 days

Ans. B

The sovereign gold bond (SGB) scheme was launched in November 2015 with an objective to cut down the demand for physical gold and shift a part of the domestic savings – used for the purchase of gold – into financial savings.

- *The bonds are denominated in multiples of gram(s) of gold with a basic unit of one gram.*
- *The tenor of the bond will be for a period of eight years with exit option after fifth year to be exercised on the next interest payment dates.*
- *The minimum permissible investment is one gram of gold and the maximum limit of subscription is 4 kg for individual, 4 kg for HUF and 20 kg for trusts and similar entities per financial year.*
- *SGB comes with a 2.5% coupon attached and tax advantage for its investors.*
- *The price of the bond is fixed in Indian rupees on the basis of a simple average of the closing price of gold of 999 purity, published by the India Bullion and Jewellers Association (IBJA) for the last three working days of the week preceding the subscription period*

20. Which of the following is not a derivative?

- a) Forwards
- b) Futures
- c) **Debentures**
- d) Options
- e) All are derivatives

Ans. C

Derivative is a financial instrument that derives its value from an underlying asset. The types of derivatives include forwards, futures, options and swaps.

Debenture is a fixed income security and not a derivative.

21. Which of the following measures the time decay on option premium?

- a) Alpha
- b) Beta
- c) Gamma
- d) Theta
- e) Vega

Ans. D

Theta is a measure of the time decay of an option i.e. the dollar amount an option will lose each day due to the passage of time.

- *For at-the-money options, theta increases as an option approaches the expiration date.*
- *For in- and out-of-the-money options, theta decreases as an option approaches expiration*

22. How much Viability Gap Funding can the government provide for infrastructure projects under PPP?

- a) 10%
- b) 15%
- c) **20%**
- d) 25%
- e) 30%

Ans. C

Under the Viability Gap funding Scheme (scheme for financial support to Public Private Partnership in Infrastructure), the government provides total viability gap funding up to 20% of the total project cost, normally in form of capital grant at the stage of project construction.

23. Section 194 IA provides for deduction of TDS on which of the following?

- a) Interest
- b) Rent
- c) Transfer of immovable property**
- d) Fee for professional services
- e) Cash withdrawal

Ans. C

TDS or Tax Deducted at Source is income tax reduced from the money paid at the time of making specified payments such as rent, commission, professional fees, salary, interest etc. by the persons making such payments

Some of the key incomes on which TDS is applicable are:

| Section | Type of income | TDS Rate |
|---------|---|--------------------------------------|
| 192 | Payment of salary | Normal slab |
| 192A | Payment of accumulated balance of provident fund which is taxable in the hands of an employee | 10% |
| 193 | Interest on securities | 10% |
| 194 | Dividend | 10% |
| 194A | interest other than interest on Securities | 10% |
| 194C | Payment to contractors | 1-2% |
| 194D | Insurance commission | 5% |
| 194EE | Payment in respect of deposit under National Savings scheme | 10% |
| 194F | Payment on account of repurchase of unit by Mutual Fund or Unit Trust of India | 20% |
| 194 I | Rent | 2% (plant) 10% (Land or building) |
| 194 IA | Payment on transfer of certain immovable property other than agricultural land | 1% |
| 194 J | Fees for professional or technical services: | 2% |
| 194 N | Cash withdrawal | 2% |

24. Which of the following do not fall under the scope of Cost Accounting?

- a) Cost Report
- b) Cost Analysis
- c) Cost Accounting
- d) Cost Comparison
- e) Cost Reduction

Ans. E

Costing is the process and technique of ascertaining costs. Cost accounting is the process of accounting for cost which begins with the recording of income and expenditure or the bases on which they are calculated and ends with the preparation of periodical statements and reports for ascertaining and controlling costs.

The scope of cost accounting includes:

- **Costing – process of ascertaining costs**
- **Cost accounting – accounting and recording and reporting of costs**
- **Cost analysis – finding factors responsible for variances in actual and budgeted costs**
- **Cost comparisons – cost comparisons from alternative courses of action/different products, etc.**
- **Cost control – detailed examination of each cost to understand its advantage and scope for reduction**
- **Cost reports – to prepare cost reports for management decision making**
- **Statutory compliances – maintaining cost records as per requirement of Companies Act 2013.**

Kindly note – cost reduction indirectly falls under the scope of cost accounting under the cost control.

Cost reduction is an objective of cost accounting that aims at a more real and permanent reduction in the unit cost of goods/service without impairing their suitability for intended use. However, from the given options, this one is the closest to be eliminated.

25. The process of accounting for cost which begins with the recording of income and expenditure or the bases on which they are calculated and ends with the preparation of periodical statements and reports for ascertaining and controlling costs is known as _____

- a) Costing
- b) Cost accounting**
- c) Marginal Costing
- d) Management accounting
- e) Financial Accounting

Ans. B

Costing is the process and technique of ascertaining costs.

Cost accounting is the process of accounting for cost which begins with the recording of income and expenditure or the bases on which they are calculated and ends with the preparation of periodical statements and reports for ascertaining and controlling costs.

26. The application of the principles of accounting and financial management to create, protect, preserve and increase value for stakeholders is known as _____

- a) Cost accounting
- b) Management accounting**
- c) Financial Accounting
- d) Value accounting
- e) Audit and accounting

Ans B- As per CIMA official terminology, Management accounting is the application of the principles of accounting and financial management to create, protect, preserve and increase value for stakeholders of for-profit and not-for-profit enterprises in public and private sectors. Management accounting is an integral part of management function. It assists management by provision of relevant information for planning, organizing, controlling and decision making.

27. Management accounting can assist the management by provision of relevant information for

- a) Cost reduction
- b) Cost control
- c) Financial accounting
- d) Decision making**
- e) Ethical accounting

Ans. D

Management accounting is an integral part of management function. It assists management by provision of relevant information for planning, organizing, controlling and decision making.

Management accounting is the application of the principles of accounting and financial management to create, protect, preserve and increase value for stakeholders of for-profit and not-for-profit enterprises in public and private sectors.

28. Which of the following is not a principle of Kaizen Costing?

- a) Kaizen system seeks gradual improvements
- b) It encourages collective decision making
- c) Kaizen involves setting standards and then continually improving these
- d) Involves all unskilled employees**
- e) Its focus is on eliminating waste

Ans. D

Kaizen, means continual improvement.

Kaizen Costing Principles

- *The system seeks gradual improvements in the existing situation, at an acceptable cost.*
- *It encourages collective decision making and application of knowledge.*
- *There are no limits to the level of improvements that can be implemented*
- *Kaizen involves setting standards and then continually improving these standards to achieve long-term sustainable improvements.*
- *The focus is on eliminating waste, improving systems, and improving productivity.*
- *Involves all employees (and not just unskilled employees) and all areas of the business*

29. The category of costing which is applicable to work carried out or products produced by specific orders as against continuous production, is known as _____

- a) Unit costing
- b) Job Costing**
- c) Batch Costing
- d) Process Costing
- e) Contract Costing

Ans. B

Job costing is a method of costing in industries that produce/render service against specific orders. The job is executed for different customers according to their specifications and each order/job needs special treatment. Costs are determined for each job and it would involve continuous production as each job is different.

30. What is the quorum required for a Board of Directors meeting according to Companies Act, 2013?

- a) $1/3^{\text{rd}}$ of total strength of directors
- b) 2 directors
- c) $1/4^{\text{th}}$ of total strength of directors
- d) **A or B whichever is higher**
- e) B or C, whichever is higher

Ans. D

Quorum of Meetings – Sec 174

Quorum for the meeting shall be $1/3^{\text{rd}}$ of total strength or 2 directors whichever is higher.

Participation of directors through video conferencing or other audio visual means shall also be counted for the purpose of quorum with exception to the meetings with the following agenda

- **Approval of annual financial statements;**
- **Approval of Board's Report;**
- **Approval of prospectus;**
- **Audit Committee Meetings for consideration of Accounts;**
- **Approval of matters relating to amalgamation, merger, demerger, acquisition and takeover.**

If number of 'Interested Directors' is $2/3^{\text{rd}}$ or more of total directors than, the other directors not less than 2 shall be the quorum for that time

31. Appointment of Auditors in case of government companies by CAG is given under which section of Companies Act, 2013?

- a) 139 (1)
- b) 139 (5)**
- c) 140 (1)
- d) 140 (5)
- e) 141 (2)

Ans. B

Section 139. Appointment of auditors

139 (1) - Subject to the provisions of this Chapter, every company shall, at the first annual general meeting, appoint an individual or a firm as an auditor who shall hold office from the conclusion of that meeting till the conclusion of its sixth annual general meeting and thereafter till the conclusion of every sixth meeting and the manner and procedure of selection of auditors by the member of the company at such meeting shall be such as may be prescribed

139 (5) - Notwithstanding anything contained in sub-section (1), in the case of a Government company or any other company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments, the Comptroller and Auditor-General of India shall, in respect of a financial year, appoint an auditor duly qualified to be appointed as an auditor of companies under this Act, within a period of one hundred and eighty days from the commencement of the financial year, who shall hold office till the conclusion of the annual general meeting.

32. As per Section 26(9) of Companies Act 2013, what is the amount of fine in case the prospectus is issued in contravention of the section related to matters to be stated in the prospectus?

- a) 50,000 to 3,00,000
- b) 25,000 to 3,00,000
- c) 25,000 to 2,00,000
- d) 50,000 to 2,00,000
- e) None of the above

Ans. A

Section 26 –

Matters to be stated in prospectus.

(1) Every prospectus issued by or on behalf of a public company either with reference to its formation or subsequently, or by or on behalf of any person who is or has been engaged or interested in the formation of a public company, shall be dated and signed and shall—

- **state such information and set out such reports on financial information as may be specified by SEBI in consultation with the Central Government:**
- **Provided that until SEBI specifies the information and reports on financial information under this sub-section, the regulations made by SEBI under SEBI Act, 1992, in respect of such financial information or reports on financial information shall apply.**

(9) If a prospectus is issued in contravention of the provisions of this section, the company shall be punishable with fine which shall not be less than fifty thousand rupees but which may extend to three lakh rupees and every person who is knowingly a party to the issue of such prospectus shall be punishable with fine which shall not be less than fifty thousand rupees but which may extend to three lakh rupees

33. As per Section 27 of Companies Act 2013, any variation in prospectus is to be approved by

- _____
- a) Ordinary resolution in general meeting
 - b) Special Resolution in general meeting**
 - c) Board resolution in Board meeting
 - d) Special Resolution in extraordinary meeting
 - e) Board Resolution in general meeting

Ans. B

Section 27 - Variation in terms of contract or objects in prospectus.

1) A company shall not, at any time, vary the terms of a contract referred to in the prospectus or objects for which the prospectus was issued, except subject to the approval of, or except subject to an authority given by the company in general meeting by way of special resolution:

- **Provided that the details, as may be prescribed, of the notice in respect of such resolution to shareholders, shall also be published in the newspapers (one in English and one in vernacular language) in the city where the registered office of the company is situated indicating clearly the justification for such variation:**
- **Provided further that such company shall not use any amount raised by it through prospectus for buying, trading or otherwise dealing in equity shares of any other listed company**

34. A company has to transfer the unclaimed dividend to which account?

- a) Unpaid Dividend account**
- b) Accrued Dividend Account
- c) Investor Education and Protection Fund
- d) Capital Redemption Reserve
- e) Capital Reserve

Ans. A

In case where such dividend remained unpaid or unclaimed within 30 days from the date of declaration, the amount is transferred to 'Unpaid Dividend Account' within 7 days from expiry of such 30 day period

35. In case where such dividend remained unpaid or unclaimed within _____ from the date of declaration, the amount is transferred to 'Unpaid Dividend Account' within _____.

- a) 7 days, 5 days
- b) 5 days, 30 days
- c) 30 days, 7 days**
- d) 30 days, 5 days
- e) 7 days, 14 days

Ans. C

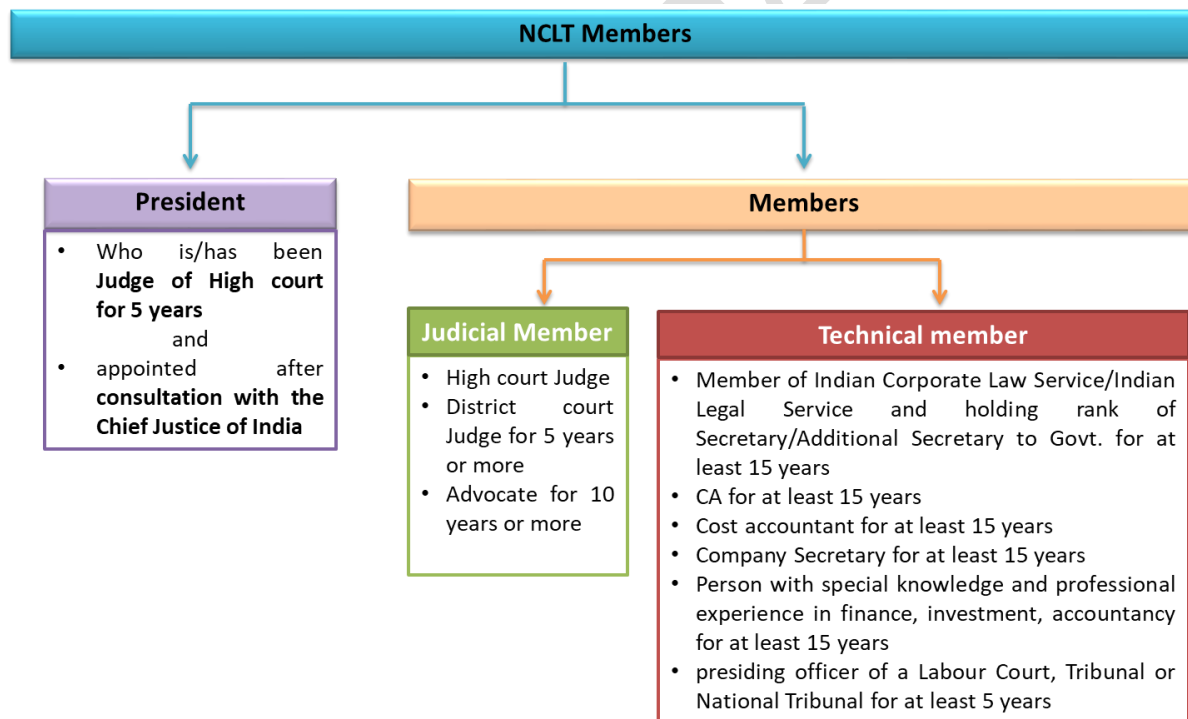
- *In case where such dividend remained unpaid or unclaimed within 30 days from the date of declaration, the amount is transferred to 'Unpaid Dividend Account' within 7 days from expiry of such 30 day period*
- *After transferring in unpaid dividend account, within 90 days prepare the statement containing the names, last known address and unpaid dividend and place it on website.*
- *Default made in transfer to unpaid dividend account, company shall pay 12% interest.*
- *If amounts transferred to 'Unpaid Dividend Account' remains unclaimed for 7 years*
- *Transfer the amounts along with relevant shares to Investor Education and Protection Fund (IEPF)*

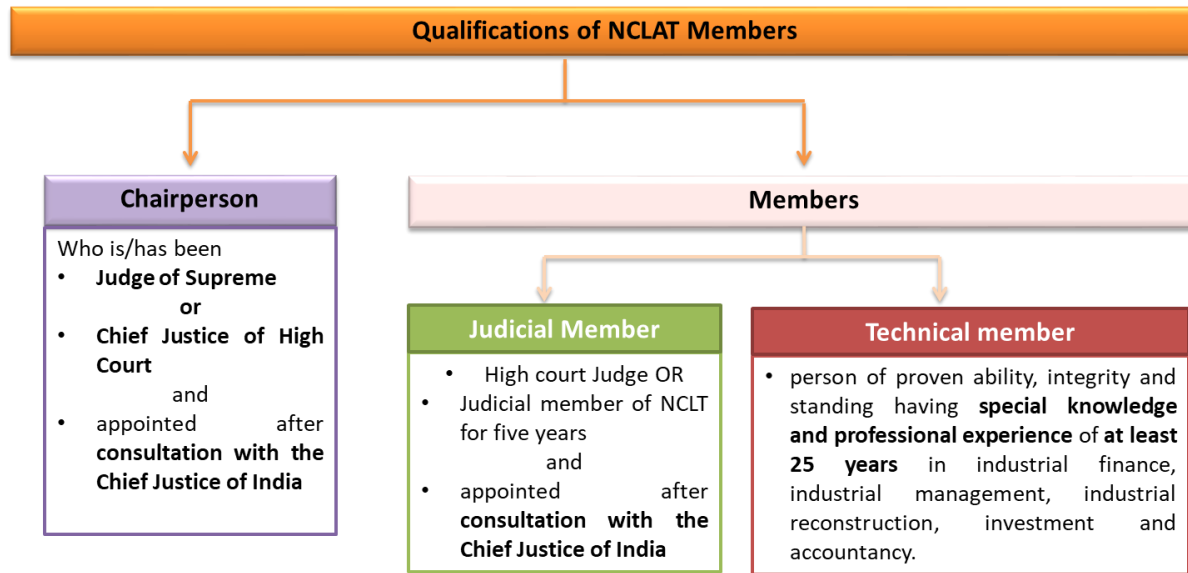
36. The President of NCLT and Chairperson of NCLAT is to be appointed in consultation with

- a) President of India
- b) Prime Minister of India
- c) Chief Justice of India**
- d) Chief Justice of High Court
- e) All of the above

Ans. C

The President of NCLT and Chairperson of NCLAT is to be appointed in consultation with Chief Justice of India





37. The appointment of Directors is to be approved by company in ____

- Annual General meeting
- General Meeting**
- Special Meeting
- Extraordinary Meeting
- Board meeting

Ans. B

Appointment of Directors (Section 152)

- **Subscribers to the MoA deemed to be the first directors of company till directors are duly appointed**
- **Director to be appointed in the general meeting**
- **To be appointed as director, to have and disclose DIN is compulsory**
- **A person appointed as director, to give his consent for such appointment and file it with Registrar within 30 days of appointment**

38. No allotment of any securities of a company offered to the public for subscription shall be made unless the amount stated in the _____ as the minimum amount has been subscribed.

- a) Memorandum of Association
- b) Articles of Association
- c) Prospectus**
- d) Application Form
- e) None of the above

Ans. C

Section 39 - Allotment of securities by company.

(1) No allotment of any securities of a company offered to the public for subscription shall be made unless the amount stated in the prospectus as the minimum amount has been subscribed and the sums payable on application for the amount so stated have been paid to and received by the company by cheque or other instrument.

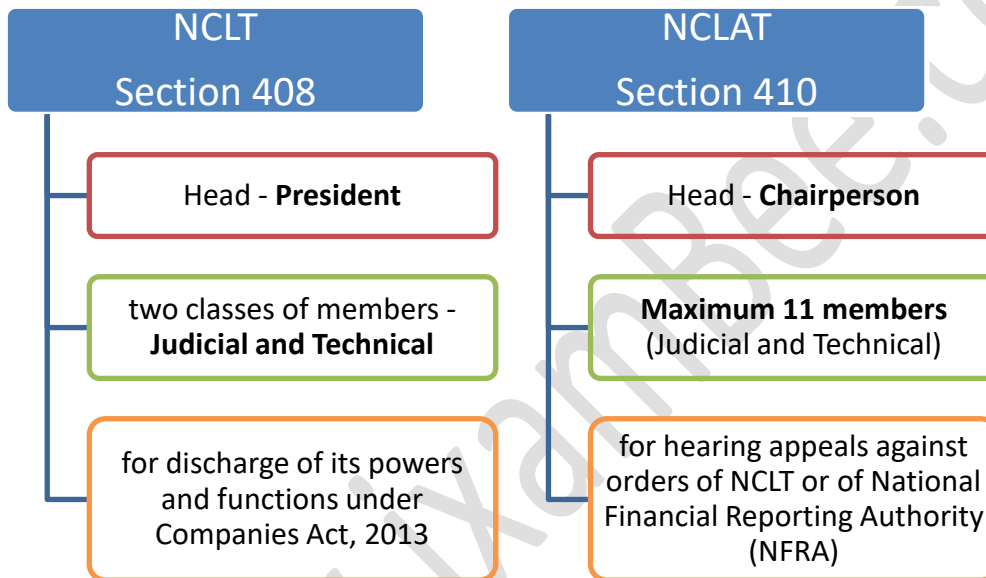
(2) The amount payable on application on every security shall not be less than five per cent of the nominal amount of the security or such other percentage or amount, as may be specified by the Securities and Exchange Board by making regulations in this behalf.

(3) If the stated minimum amount has not been subscribed and the sum payable on application is not received within a period of thirty days from the date of issue of the prospectus, or such other period as may be specified by the Securities and Exchange Board, the amount received under sub-section (1) shall be returned within such time and manner as may be prescribed.

39. NCLAT is constituted under which section of the Companies Act?

- a) Section 408
- b) Section 409
- c) **Section 410**
- d) Section 411
- e) Section 412

Ans. C



40. As per law of demand, the quantity demanded of a normal product increases with _____

- a) **Decrease in Price**
- b) Increase in price
- c) Increase in Income
- d) Decrease in price of substitute good
- e) Increase in price of complement goods

Ans. A

Law of demand

- *It explains relationship between the quantity demanded of a commodity and its unit price.*
- *As per it, demand varies inversely with price, other thing being equal.*
- *rise in the price of a commodity or service is followed by a reduction in the quantity demanded and fall in the price is followed by extension in demand, with other conditions remaining the same.*

41. Which of the following formula is used for simple investment multiplier?

- a) $1/MPC$
- b) $1/(1+MPC)$
- c) $1/(1-MPC)$
- d) $1-MPC$
- e) $1+MPC$

Ans. C

Investment Multiplier (K) = $1/(1-MPC)$

42. According to Keynesian, which of the following could lead to high unemployment?

- a) High Aggregate Demand
- b) High Aggregate Supply
- c) **Low Aggregate Demand**
- d) Low Aggregate Supply
- e) All of the above

Ans. C

Keynesian economics - low demand could lead to prolonged periods of high unemployment.

43. Which of the following is not a part of the Forex Reserves?

- a) Gold
- b) Diamond
- c) Foreign Currency Assets
- d) Reserve position with IMF
- e) All are part of forex reserves

Ans. B

The Foreign exchange reserves of India consists of below four categories

- *Foreign Currency Assets*
- *Gold*
- *Special Drawing Rights (SDR)*
- *Reserve Trance with IMF*

44. What are the custodian's asset servicing charges for Atal Pension Yojana (APY)?

- a) 32%
- b) 3.2%
- c) 0.32%
- d) 0.032%
- e) **0.0032%**

Ans.E

Atal Pension Yojana (APY) is a Government run pension scheme open to all citizens of India mainly focusing on the unorganised sector.

The custodian asset servicing charges are 0.0032% per annum for Electronic segment & Physical segment. It is collected by way of adjustment in Net Asset Value (NAV).

45. Which of the following entity issues the Jeevan Praman?

- a) PFRDA
- b) Ministry of Labour and employment
- c) EPFO
- d) MeitY**
- e) CRA

Ans. D

Jeevan Pramaan or Digital Life Certificate is a biometric enabled Aadhar-based digital service for pensioners. The certificate was made for people who receive pensions from central or state governments or other government organisations.

It is issued by MeitY (Ministry of Electronics & Information Technology)

46. What is the percentage contribution of the Central government to NPS for central government employees?

- a) 10%
- b) 12%
- c) 14%**
- d) 15%
- e) 20%

Ans. C

NPS is mandatorily applicable on Central Government employees (except Armed Forces) recruited on or after 01.01.2004. Govt. employees make a monthly contribution at the rate of 10% of their salary and a matching contribution is paid by the Government.

For central Govt. employees, the employer's contribution rate has been enhanced to 14% w.e.f. 01.04.2019. In Aug 2021, this contribution of 14% has been extended to employees of Central Autonomous Bodies (CAB) also with effect from 01.04.2019.

The contributions and investments would be deposited in the Tier I of PRAN.

47. What is the maximum quantum of award/compensation that can be awarded by Ombudsman of PFRDA?

- a) Rs.1 lakh
- b) Rs.5 lakh
- c) Rs.10 Lakh**
- d) Rs.15 lakh
- e) Rs.20 Lakh

Ans. C

PFRDA appoints an ombudsman to resolve grievances relating to the National Pension System (NPS) and Atal Pension Yojana (APY). The Ombudsman has the power to pass orders and impose fines. Ombudsman can pass awards up to Rs.10 lakh. Grievances could include issues like delay in remitting pension contributions to the NPS account, even though they have been deducted from the subscriber's salary.

48. EPS 1995 what is the age for pension

- a) 55
- b) 58**
- c) 60
- d) 62
- e) 70

Ans. B

The age limit for vesting of pension, under the Employee Pension Scheme (EPS-95) is 58 years. As per the EPFO pension rule, one can get ₹1,000 to ₹7,500 monthly pension after contributing in one's EPF account till he or she attains 58 years of age.

49. The contributions of additional amount of Rs.50,000 towards NPS is allowed deduction under which section of the Income Tax Act?

- a) 80C
- b) 80CCD**
- c) 80D
- d) 80DDE
- e) 80G

Ans. B

The tax benefit for contributions made under NPS are Rs.1.5 lakh u/s 80C + additional self-contribution of up to Rs.50000 under section 80CCD (1B).

50. What percentage from the employer's contribution towards EPF is directed towards Employees' Pension Scheme?

- a) 3.67%
- b) 6.33%
- c) 8.33%**
- d) 10.33%
- e) As decided by the employee

Ans. C

Employee Provident Fund (EPF) is a retirement benefit scheme maintained by the Employees' Provident Fund Organization (EPFO). The employee and the employer contribute to the EPF scheme on monthly basis in equal proportions of 12% of the basic salary and dearness allowance.

Out of the employer's contribution, 8.33% is directed towards the Employee Pension Scheme (EPS), 0.50% towards Employees' Deposit-linked Insurance scheme (EDLI) and the remaining is retained in EPF.