

GES/SBVC/BAF

EXTERNAL EXAM, OCTOBER, 2022

DATE :- 12/10/2022

TIME:- 9.30 am to 12.00 noon

PROGRAMME:- SYBAF (SEM -III)

75 MARKS

COURSE :- BUSINESS ECONOMICS - II

Note: 1. All questions are compulsory.

2. Figures to right indicate marks

Q.1 (A)	Choose the correct answer. (Any Eight)	(8)
1.	National income of a country is the total market value of ----- goods and services produced in an economy during a year.	
	a. final b. intermediate c. raw d. durable	
2.	When trade cycle reaches to its highest point is known as -----.	
	a. peak b. recovery c. recession d. depression	
3.	The average number of times a unit of currency passes from one hand to another during a given period of time is known as -----.	
	a. supply of money b. cash reserve ratio c. velocity of circulation of money d. monetary base	
4.	Asymmetric information arises due to -----.	
	a. externalities b. lack of information c. monopoly power d. public goods	
5.	Inflation is a state in which the value of money is -----.	
	a. constant b. rising c. falling d. zero	
6.	----- refers to initial burden of tax.	
	a. Incidence of tax b. Impact of tax c. Forward shifting d. Backward shifting	
7.	Public expenditure refers to the ----- expenditure.	
	a. government b. private c. both a and b d. individual	
8.	----- is the most systematic and scientific method of debt redemption.	
	a. Capital levy b. Additional taxation c. Surplus budget d. Sinking fund	
9.	----- refers to a ratio at which country's exports are exchanged for imports.	
	a. Terms of trade b. Gains from trade c. Free trade d. Protection	
10	_____ rate is the rate at which one currency is exchanged for others.	
	a. Spot rate b. Fixed rate c. Fluctuating rate d. Exchange rate	
Q.1 B.	State whether the following statements are True or False. (Any seven)	(7)
1	Macroeconomics analyses the behaviour of whole economy.	
2.	National income is a flow concept.	
3	During inflation winners are common man.	
4	Supply of money is determined by the central bank.	
5	The quantity theory of money explains the relation between quantity of money and price level.	
6	National defence, law enforcement and generally available knowledge are example of natural goods.	
		P.T.O

7	Taxation is the powerful fiscal weapon in the hand of government.	
8.	Old age pension is an example of transfer payment.	
9.	Short term debts are for a period of 10 years.	
10	Foreign investment enters in developing nations through FDI and portfolio investment.	
<b>Q.2 A</b>	Define macroeconomics and discuss its scope.	<b>(08)</b>
<b>B</b>	Discuss circular flow of income in three sector model.	<b>(07)</b>
	<b>OR</b>	
<b>C</b>	Define multiplier and discuss leakages in working of multiplier.	<b>(08)</b>
<b>D</b>	Define trade cycles and discuss its characteristics.	<b>(07)</b>
<b>Q.3 A</b>	What is inflation? Discuss the types of inflation.	<b>(08)</b>
<b>B</b>	Explain quantitative instruments of monetary policy.	<b>(07)</b>
	<b>OR</b>	
<b>C</b>	Define money supply and discuss its determinants.	<b>(08)</b>
<b>D</b>	Discuss Keynes motives towards demand for money.	<b>(07)</b>
<b>Q.4 A</b>	What is fiscal policy? Discuss its instruments.	<b>(08)</b>
<b>B</b>	Enumerate the canon of taxation.	<b>(07)</b>
	<b>OR</b>	
<b>C</b>	Discuss the structure of budget.	<b>(08)</b>
<b>D</b>	Explain the economic effects of taxation.	<b>(07)</b>
<b>Q.5 A</b>	Discuss the role of multinational corporations.	<b>(08)</b>
<b>B</b>	Explain the structure of balance of payment.	<b>(07)</b>
	<b>OR</b>	
<b>Q.5</b>	<b>Write short notes on the following – (Any Three)</b>	<b>(15)</b>
	<p>a) Stagflation</p> <p>b) Difference between Foreign direct investment (FDI) and foreign portfolio investment (FPI)</p> <p>c) Significance of public expenditure</p> <p>d) Importance of national income</p> <p>e) Managed float system</p>	

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Note: 1. All questions are compulsory.

2. Figures to the right indicate marks.

**Q.1 Multiple Choice Questions: (Any 8)**

**(8)**

1. A partnership firm is entitled to enter into a partnership with \_\_\_\_\_.

(a) another firm (b) Hindu Undivided Family (c) an individual (d) a company

2. A partnership for which no period is fixed, under the Indian Partnership Act, 1932, is known as \_\_\_\_\_.

(a) general partnership (b) partnership at will (c) particular partnership (d) co-ownership

3. The minor decided to be a full-fledged partner after becoming a major \_\_\_\_\_ time period is given.

(a) 15 months (b) 12 months (c) 9 months (d) 6 months

4. Registration of LLP is \_\_\_\_\_.

(a) compulsory (b) Optional (c) no registration (d) compulsory in Maharashtra

5. LLP is a \_\_\_\_\_.

(a) Body corporate (b) Not a body corporate (c) Company (d) Firm

6. The firm must bear a statement of conversion for \_\_\_\_\_ time period for all official correspondence after converting into LLP.

(a) 1 month (b) 6 month (c) 9 month (d) 12 month

7. The first Factories Act was formed in \_\_\_\_\_.

(a) 1881 (b) 1891 (c) 1911 (d) 1931

8. Factory premises should be cleaned at least \_\_\_\_\_.

(a) daily (b) weekly (c) fortnightly (d) monthly

9. Fine imposed for spitting at a place other than in the spittoons \_\_\_\_\_.

(a) Rs. 5 (b) Rs.10 (c) Rs. 15 (d) Rs. 20

10. Definition of week is a period starting at midnight of \_\_\_\_\_ as per the Factories Act.

(a) Friday (b) Saturday (c) Sunday (d) Monday

**Q.1 (B) State whether the following statement is True or False. (Any 7)**

**(7)**

1. A mobile unit that belongs to the armed forces of the union is not a 'factory' under the definition of manufacturing process.
2. If any article is stored in cold storage, it is considered as a manufacturing process under the Factories Act.
3. No young person can operate a dangerous machine.
4. Voluntary winding up of LLP is not on account of inability to pay its debts.
5. Once a firm gets converted to LLP, all rights and liabilities of a firm vest with LLP.
6. A LLP cannot get converted to firm.
7. At least two of the designated partners shall be a resident of India.
8. The death of a partner dissolves the firm.
9. A retiring partner need not give a public notice of his retirement.
10. Profit sharing is the true test of partnership.

Q.2 (A) Define partnership and explain the essentials features of partnership. (8)

(B) What are the mutual duties of the partners under Partnership Act? (7)

**OR**

(C) Explain the implied authority of a partner to bind his firm. (8)

(D) Explain the types of Partner. (7)

Q.3 (A) Explain the procedure for conversion of a firm to LLP. (8)

(B) Define LLP and explain the essentials features of LLP. (7)

**OR**

(C) Explain the procedure for voluntary winding of LLP under LLP Act, 2008. (15)

Q.4 (A) Explain the provision of Annual Leave with wages under the Factory Act. (15)

**OR**

(B) Explain the following terms as per Factories Act: (15)

1. Worker
2. Factory
3. Occupier

Q.5 (A) Explain the safety provisions under Factories Act. (8)

(B) Explain the welfare provisions under Factories Act regarding- (7)

- i) washing and storing facility,
- ii) first-aid kit
- iii) cresses

**OR**

Q.5 Write short notes on: (Any 3) (15)

- a) Health provision under Factory Act.
  - (i) Cleanliness
  - (ii) Ventilation and temperature
- b) Distinguish between LLP and Partnership.
- c) Public notice under Partnership Act, 1932.
- d) Compulsory dissolution of firm.
- e) Designated partner under LLP Act, 2008.

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Note: 1. All questions are compulsory.

2. Figures to right indicate marks

Q. No. 1 (A)	Multiple choice questions. (Any 8)	(08)
1	In the absence of partnership agreement partners share profit and loss in the _____ ratio. (a) 3 : 2 (b) 1 : 2 (c) Equal (d) Capital	
2	Interest on Capital of a partner is debited to _____. (a) Trading a/c (b) Capital a/c (c) Current a/c (d) Profit & Loss Appropriation a/c	
3	When a partner is given Guarantee by the other partner. loss on such guarantee will be borne by _____. (a) Partnership firm (b) All the other partners (c) Partners who gave the guarantee (d) Partner with highest profit sharing ratio	
4	Income tax payable by a firm as on the date of dissolution is treated as _____. (a) Preferential creditors (b) secured creditors (c) unsecured debtors (d) non-recoverable	
5	In a piecemeal distribution, the liabilities of the partnership are paid before _____. (a) A revaluation of the assets (b) distribution of cash to partners (c) sales of assets (d) distribution of losses and gains on realisation	
6	On amalgamation of a firm, _____ account is opened. (a) Deficiency (b) P & L Adjustment a/c (c) Realisation a/c (d) P & L Suspense a/c	
7	In case of amalgamation Goodwill of both the firm _____. (a) is ignored (b) is valued separately (c) must be taken at book values (d) is valued on the basis of old Profit Sharing Ratio	
8	Upon conversion of partnership firm into a company, the legal actions of the company is governed by _____. (a) Articles of Association (b) Partnership Deed (c) Companies Act, 2013 (d) Credited to realisation account	
9	Dissolution expenses paid by the company to the firm on conversion are _____. (a) Debited to Deferred Revenue Expenditure a/c (b) Credited to Capital Reserves a/c (c) Debited to Goodwill a/c (d) Credited to Goodwill a/c	
10	Non-monetary items are valued at _____. (a) Market price (b) Current price (c) Historical cost (d) Fluctuation price	
Q. No. 1 (B)	State whether the following statements are TRUE or FALSE. (Any 7)	(07)
1	Balance sheet is a statement showing financial position of the concern on a particular date.	
2	Partners can be admitted only on the first day of the accounting year.	
3	In piecemeal distribution of cash, reserve for realisation expenses is created before payment of any liabilities.	
4	In piecemeal dissolution of partnership firm all cash remaining after payment of external liabilities is discharged among the partners in profit sharing ratio.	
5	Inventory is a non-monetary item.	

6	Reporting currency is the currency used in recording the financial transactions.																																									
7	On conversion into a Limited Company, firm receives purchase consideration from the company for sale of business.																																									
8	Conversion of Firm into a Limited Company does not involve dissolution of firm.																																									
9	After amalgamation of firm, assets and liabilities of old firms get recorded at their realisable values.																																									
10	Profit or Loss on Realisation in an amalgamation are divided equally among partners.																																									
<b>Q. No. 2(A)</b>	<p>Sanjay, Pradip and Manas were in partnership sharing profits and losses in the ratio of 3:2:1. Their Balance Sheet as on 31-3-2020 was as under, the date of which they decided to dissolve the firm.</p> <table border="1"> <thead> <tr> <th>Liabilities</th> <th>Amount (Rs.)</th> <th>Assets</th> <th>Amount (Rs.)</th> </tr> </thead> <tbody> <tr> <td><b>Capital A/c</b></td> <td></td> <td>Cash and Bank</td> <td>35,000</td> </tr> <tr> <td>Sanjay- 1,71,500</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Pradip - 73,500</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Manas- <u>35,000</u></td> <td>2,80,000</td> <td></td> <td></td> </tr> <tr> <td>General Reserves</td> <td>42,000</td> <td>Fixed Assets</td> <td>3,15,000</td> </tr> <tr> <td>HDFC Bank loan (secured)</td> <td>63,000</td> <td>Investments</td> <td>35,000</td> </tr> <tr> <td>Bills Payable</td> <td>35,000</td> <td>Stock</td> <td>35,000</td> </tr> <tr> <td>Creditors</td> <td>17,500</td> <td>Debtors</td> <td>17,500</td> </tr> <tr> <td></td> <td><b>4,37,500</b></td> <td></td> <td><b>4,37,500</b></td> </tr> </tbody> </table> <p>Rs. 14,000 has to be provided for realisation expenses. Thereafter all cash received should be distributed among the partners.</p> <p>The assets realised as follows:</p> <p>1<sup>st</sup> Installments - Rs. 87,500;                      2<sup>nd</sup> Installments - Rs. 31,500  3<sup>rd</sup> Installments - Rs. 1,12,000                      4<sup>th</sup> Installments - Rs. 1,08,500</p> <p>The actual realisation expenses were Rs. 13,000.</p> <p>Prepare a statement showing piecemeal distribution of cash as per Excess Capital Method.</p>	Liabilities	Amount (Rs.)	Assets	Amount (Rs.)	<b>Capital A/c</b>		Cash and Bank	35,000	Sanjay- 1,71,500				Pradip - 73,500				Manas- <u>35,000</u>	2,80,000			General Reserves	42,000	Fixed Assets	3,15,000	HDFC Bank loan (secured)	63,000	Investments	35,000	Bills Payable	35,000	Stock	35,000	Creditors	17,500	Debtors	17,500		<b>4,37,500</b>		<b>4,37,500</b>	<b>(15)</b>
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<b>OR</b>																																										
<b>Q. No. 2(B)</b>	<p>Amar Ltd. imported goods from Linc Ltd. of USA worth \$ 3,00,000 on 31<sup>st</sup> <sup>Oct</sup> <del>Dec</del>, 2019 when the exchange rate was Rs. 65 per US \$. The amount was paid in installments as follows:</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Amount of Installment US \$</th> <th>Exchange Rate per US \$ (Rs.)</th> </tr> </thead> <tbody> <tr> <td>15-11-2019</td> <td>1,00,000</td> <td>64</td> </tr> <tr> <td>15-03-2020</td> <td>50,000</td> <td>66</td> </tr> <tr> <td>20-04-2020</td> <td>50,000</td> <td>63</td> </tr> <tr> <td>10-01-2021</td> <td>1,00,000</td> <td>61</td> </tr> </tbody> </table> <p>Amar Ltd. closes its books on 31<sup>st</sup> March, every year. On 31<sup>st</sup> March, 2020 the exchange rate was Rs. 61 per US \$.</p> <p>You are required to pass Journal Entries in the books of Amar Ltd. for the relevant years ended 31<sup>st</sup> March, 2020 and 31<sup>st</sup> March, 2016-21</p> <p>Also prepare Foreign Exchange Fluctuation Account in the books of Amar Ltd. for the relevant years.</p>	Date	Amount of Installment US \$	Exchange Rate per US \$ (Rs.)	15-11-2019	1,00,000	64	15-03-2020	50,000	66	20-04-2020	50,000	63	10-01-2021	1,00,000	61	<b>(15)</b>																									
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<b>Q. No. 3 (A)</b>	<p>A, B and C were partners sharing Profits and Losses in the ratio of 3 : 2: 1. Their Balance sheet as on 31-3-2020 was as follows:</p> <table border="1"> <thead> <tr> <th>Liabilities</th> <th>Rs.</th> <th>Assets</th> <th>Rs.</th> </tr> </thead> <tbody> <tr> <td><b>Capital a/c:</b></td> <td></td> <td>Land and Building</td> <td>42,000</td> </tr> <tr> <td>A</td> <td>50,000</td> <td></td> <td></td> </tr> <tr> <td>B</td> <td>20,000</td> <td></td> <td></td> </tr> <tr> <td>C</td> <td>30,000</td> <td></td> <td></td> </tr> <tr> <td>General Reserve</td> <td>24,000</td> <td>Plant and Machinery</td> <td>30,000</td> </tr> <tr> <td>Creditors</td> <td>20,000</td> <td>Sundry Debtors</td> <td>44,000</td> </tr> </tbody> </table>	Liabilities	Rs.	Assets	Rs.	<b>Capital a/c:</b>		Land and Building	42,000	A	50,000			B	20,000			C	30,000			General Reserve	24,000	Plant and Machinery	30,000	Creditors	20,000	Sundry Debtors	44,000	<b>(15)</b>												
Liabilities	Rs.	Assets	Rs.																																							
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Creditors	20,000	Sundry Debtors	44,000																																							

Bills Payable	12,000	Stock	26,000
Outstanding Expenses	2,000	Furniture	10,000
		Cash	6,000
	<b>1,58,000</b>		<b>1,58,000</b>

The partners agreed to sell their business to Shine Limited company. The company to take over the assets at the valuation shown below:

Land and Building	Rs. 45,000	Plant and Machinery	Rs. 25,000
Sundry Debtors	Rs. 40,000	Stock	Rs. 20,000
Furniture	Rs. 12,000	Goodwill	Rs. 20,000

The company also agreed to pay the Bills Payable which were agreed at Rs. 10,000. The Shine Ltd. Company paid Rs. 46,000 in cash and the balance in Equity shares @ Rs. 1 each.

The Creditors were paid by the firm at a discount at 2 ½ % and Outstanding expenses were paid in full. The Realisation expenses amounted to Rs. 3,500.

Prepare Realisation A/c, Partner's Capital a/c, Cash A/c, Shine Ltd. Company A/c, Share in Shine Ltd. Company A/c and show calculation of Purchase consideration.

OR

Q. No. 3  
(B)

M/s. A & B as partners decided to amalgamate with M/s. C & Co. having C & D as partners on the following terms and conditions:

(15)

(i) The new firm M/s. AC & Co. to consider Goodwill of both the firms at Rs. 12,000 each.  
(ii) The new firm to take over investments at 10% depreciation; Debtors and Furniture at book value; Premises at Rs. 53,000; Land at Rs. 66,800; Machinery at Rs. 9,000 and such cash which remained after discharge of partner's loans by the respective old firms before amalgamation.

(iii) The new firm also assumed other liabilities of old firms.

The following were the Balance Sheets of both the firms on the date of amalgamation :

Liabilities	A & Co. (Rs.)	C & Co. (Rs.)	Assets	A & Co. (Rs.)	C & Co. (Rs.)
Creditors	20,000	10,000	Cash	15,000	12,000
Bills Payable	5,000	-	Investments	10,000	8,000
Loans: A	8,000	-	Debtors	9,000	4,000
C	-	10,000			
Reserves	10,000	4,000	Furniture	12,000	6,000
Capital : A	35,000	-	Premises	30,000	-
B	22,000	-			
C	-	36,000			
D	-	20,000			
			Land	-	50,000
			Machinery	15,000	-
			Goodwill	9,000	-
	<b>1,00,000</b>	<b>80,000</b>		<b>1,00,000</b>	<b>80,000</b>

Prepare following ledger accounts in each case:

- (1) Realisation a/c
- (2) Partner's capital accounts
- (3) New firm account and

Also prepare the Balance Sheet of the New Firm.

Q. No. 4  
(A)

Following are the Balance Sheet if Amar, Akbar and Anthony as on 31<sup>st</sup> December, 2020.

(15)

Particulars	Dr. ₹	Cr. ₹
Drawings and Capitals		
- Amar	20,000	2,00,000
- Akbar	10,000	1,00,000
- Anthony	5,000	50,000
Building	1,40,000	-
Furniture	20,000	-
Debtors	2,40,000	-
Creditors	-	2,80,000
Cash	3,00,000	-
Bills Payable	-	80,000
Bank Loan @ 5% taken on 1-7-2020	-	2,00,000
Bank	2,27,000	-
Stock (1 <sup>st</sup> January, 2020)	60,000	-
Purchases	23,60,000	-
Wages	36,000	-
Carriage	12,000	-
Sales	-	26,00,000
Office and Administration Expenses	60,000	-
Selling and Distribution Expenses	20,000	-
Rent, Rates and Takes	40,000	-
Insurance	30,000	-
Outstanding Expenses	-	70,000
	<b>35,80,000</b>	<b>35,80,000</b>

**Additional Information:**

- 1) On July 2020, Akbar has been admitted who has brought ₹ 1,00,000 for capital for which the entry has been passed in the book and ₹ 40,000 as share of goodwill for which the entry yet to be passed.
- 2) Before admission of Akbar, Amar and Anthony were sharing profit as 4 : 1. After admission the new profit sharing ratio is 3 : 2 : 1.
- 3) Depreciation at 10% to be provided on Building and Furniture.
- 4) 10% provision for Doubtful debt is to be made on debtors.
- 5) 10% interest on capital is to be allowed to all partners.
- 6) Insurance is paid for the year ending 31<sup>st</sup> March, 2021.
- 7) Stock on 31<sup>st</sup> December, 2020 is ₹ 68,000.

OR

Q. No. 4  
(B)

From the following information prepare Profit & Loss Account for the year ended 31<sup>st</sup> March, 2018 and the Balance Sheer as on that date. Trial Balance of a partnership firm as on 31<sup>st</sup> March, 2018 is as follows :

(15)

**Trial Balance as on 31<sup>st</sup> March 2018**

Debit	₹	Credit	₹
<b>Drawings:</b>		<b>Capital:</b>	
X	39,000	X	3,84,000
Y	52,200	Y	3,24,000
Z	33,600	Z	2,52,000
Land	10,80,000	Gross Profit	17,10,000
Machinery	7,20,000	Bills Payable	31,620
Furniture	54,000	Interest on Investment	14,400
Debtors	1,94,400	Discount Received	17,280
Office Expenses	50,400	Creditors	2,59,500
Printing and Stationery	1,72,800	Bank Overdraft	3,60,000
Salaries	3,51,600	Loan From Y	1,80,000
Advertisement	75,000	Pre-received Commission	10,800



	Carriage Outwards	27,000		
	Insurance	10,800		
	Salesman Commission	1,80,000		
	Sundry Deposits	1,50,600		
	Investment	2,40,000		
	Cash and Bank	30,900		
	Bills Receivable	74,100		
	Bad Debts	7,200		
		<u>35,43,600</u>		<u>35,43,600</u>
	<p>On 1st October 2017 Z retired. The partners shared profits and losses in the ratio of 2:1:1. The following adjustments were to be incorporated upon retirement of Z.</p> <ol style="list-style-type: none"> <li>1. All amounts due to Z to be transferred to her loan account.</li> <li>2. Provide 10% interest on capital and 5% interest on drawing.</li> <li>3. Sales up to 30th September 2017 was ₹ 32,00,000 and thereafter there was a further sale of ₹ 8,00,000</li> <li>4. Create reserve for doubtful debts worth ₹ 8,000.</li> <li>5. Depreciate Furniture by 10% and Machinery by 5%.</li> <li>6. Goodwill of ₹ 60,000 is raised only for the retiring partner and written off.</li> <li>7. Goods were purchased before Z retired.</li> </ol>			
<b>Q. No. 5</b>				
(A)	What is monetary item as per As 11? Give any 6 examples.			(08)
(B)	Explain the steps to calculate partners share under Excess Capital Method.			(07)
<b>OR</b>				
<b>Q. No. 5</b>	Write short notes on- (Any 3)			(15)
	a) Foreign Exchange Fluctuation Account			
	b) Preferential Liability			
	c) Interest on Drawings			
	d) Realisation method for Amalgamation of Firms			
	e) Equitable Approach			

Note: 1. All questions are compulsory.

2. Figures to right indicate marks.

Q. No 1 (A)	Multiple Choice Questions. (Any 8)	(8)
1.	The amount of payment made in cash towards any expenditure is allowed as deduction upto _____. (a) Rs. 25,000 (b) Rs. 20,000 (c) Rs. 10,000 (b) Rs. 5,000	
2.	Deduction u/s 54 is available to _____. (a) Individual (b) HUF (c) Individual and HUF (d) All Assesse	
3.	Mediclaim premium paid by employer on the medical health policy of the employee is _____. (a) Taxable perquisite (c) Tax free perquisites (b) Not a perquisites (d) Not an income	
4.	If the residential property held for 15 months is sold, the resultant capital gain will be _____. (a) Long term (b) Short term (c) Medium term (d) Not a Capital Gain	
5.	If an assessee pays life insurance of Rs. 90000, he is entitled to a deduction under section 80C of _____. (a) Rs. 1,50,000 (b) 1,00,000 (c) Rs 90,000 (d) Nil	
6.	Mr. Dinkar earns Saving Bank Interest of Rs. 90,000 during the previous year. He is entitled to deduction u/s _____. (a) 80TTA (b) 80DD (c) 80U (D) 80E	
7.	Capital Gain arises from the transfer of _____. (a) Any Asset (b) Any Capital Asset (c) Any Fixed Asset (d) Any Property	
8.	Entertainment allowance in case of Government employee is _____. (a) fully taxable (b) Deductible upto certain limit (c) fully exempt (d) 50% taxable	
9.	The Standard Deduction on a family pension of Rs. 1,50,000 will be _____. (a) 50,000 (b) 15,000 (c) 150,000 (d) Nil	
10.	Mr. Desai contributed for his girl child under the Sukanya Samriddhi Scheme Account. He is entitled to a deduction _____. (a) u/s 80 D (b) u/s 80 U (c) u/s 80C (d) u/s 80CCC	
Q. No. 1 (B)	State whether the following statement is True or False. (Any 7)	(7)
1.	Gift received on the occasion of marriage is fully taxable.	
2.	An Indian company is always treated as Resident in India.	
3.	Assessment includes reassessment.	
4.	The owner is not allowed to occupy more than 2 house property.	
5.	Unrealised Rent is deducted from Net Annual Value.	
6.	Amount actually spent on entertainment is to be allowed as deduction u/s 16.	

7.	Commuted pension is taxable in hands of all individual assesses.																									
8.	Municipal tax is allowed as deduction from Gross Annual Value only on paid basis.																									
9.	Gratuity Received by Government Employee on retirement is fully taxable.																									
10.	Dividend received from Saraswat Co-operative Bank in fully taxable.																									
<b>Q. No.</b> <b>2(A)</b>	Mr Amit who is suffering from 60% blindness, is employed with XYZ ltd. The details of his salary for the previous year 2021-22 are as follows:	<b>(15)</b>																								
	<table border="1"> <thead> <tr> <th>Particulars</th> <th>Amount (Rs.)</th> </tr> </thead> <tbody> <tr> <td>Basic Salary</td> <td>16,000 p.m.</td> </tr> <tr> <td>Dearness Allowance</td> <td>75% of Basic Salary</td> </tr> <tr> <td>Arrears of Salary</td> <td>2,500 p.m.</td> </tr> <tr> <td>HRA [exempt amount Rs. 400 p.m. u/s 10(13A)]</td> <td>20% of Basic Salary</td> </tr> <tr> <td>Entertainment Allowance</td> <td>3,000 p.m.</td> </tr> <tr> <td>Contribution of Employer to RPF (exempt amount Rs. 11,700)</td> <td>14,000</td> </tr> <tr> <td>Interest on RPF (exempt amount Rs. 1,600)</td> <td>2,500</td> </tr> <tr> <td>Bonus</td> <td>1,000 p.m.</td> </tr> <tr> <td>Professional tax</td> <td>200 p.m.</td> </tr> <tr> <td>He paid medical insurance premium for himself and his wife by cheque</td> <td>8,000 p.a.</td> </tr> <tr> <td>Conveyance Allowance</td> <td>400 p.m.</td> </tr> </tbody> </table>	Particulars	Amount (Rs.)	Basic Salary	16,000 p.m.	Dearness Allowance	75% of Basic Salary	Arrears of Salary	2,500 p.m.	HRA [exempt amount Rs. 400 p.m. u/s 10(13A)]	20% of Basic Salary	Entertainment Allowance	3,000 p.m.	Contribution of Employer to RPF (exempt amount Rs. 11,700)	14,000	Interest on RPF (exempt amount Rs. 1,600)	2,500	Bonus	1,000 p.m.	Professional tax	200 p.m.	He paid medical insurance premium for himself and his wife by cheque	8,000 p.a.	Conveyance Allowance	400 p.m.	
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Conveyance Allowance	400 p.m.																									
	Compute the Net Taxable Income for Assessment Year 2022-23.																									
	<b>OR</b>																									
<b>Q. No.</b> <b>2 (B)</b>	Mr. Jay constructed 2 houses (Unit 1 & Unit 2) on a plot of acquired by him in Delhi. The 2 houses are of equal size. He started construction of both the house on 1 <sup>st</sup> April, 2019 and completed construction on 31 <sup>st</sup> May, 2021. He occupied Unit 1 from 1 <sup>st</sup> June, 2021 and Let out Unit 2 at a rent of Rs. 25,000 p.m. on the same date. However, tenant vacant the house Unit 2 on 31 <sup>st</sup> January, 2022. Fair Rent (each unit) 1,20,000 p.a. Municipal Value (each unit) 80,000 p.a. Municipal tax paid 10,000 Ground Rent 5,000 Mr. Jay obtained a housing of Rs. 20,00,000 at an interest of 10% p.a. on 1 <sup>st</sup> April, 2019. Compute Income from House Property in hands of Mr. Jay for the Assessment Year 2022-23.	<b>(15)</b>																								
<b>Q. No.</b> <b>3 (A)</b>	From the following information of Mr. Yogi for the P.Y. 2021-22. Compute the Gross Total Income for the Assessment Year 2022-23. (a) Resident and Ordinarily Resident (c) Resident but Not Ordinarily Resident (b) Non-Resident	<b>(15)</b>																								
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3.	Rent from House in USA received in UK.	15,000
4.	Dividend from American Company, received in New York.	40,000
5.	Income from Agriculture in Japan received in India.	65,000
6.	Royalty from a Company in Saudi Arabia, received in India.	80,000
7.	Amount brought to India out of past untaxed profit earned in New Zealand.	44,000
8.	Salary received in Indonesia.	120,000
9.	Income earned from Business in Paris controlled from Mumbai (received Rs. 30,000 in India).	85,000

**OR**

**Q. No. 3 (B)** From the following Profit and Loss Account of Mr. Kumar for the year ended 31<sup>st</sup> March, 2022. Compute his Business Income for the Assessment Year 2022-23. **(15)**

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Staff Salary	60,000	By Gross Profit	360,000
To General Expense	34,000	By Interest on Bank Deposits	16,400
To Interest in Capital of Mr. Kumar	12,000	By Refund of Income Tax for A.Y. 2017-18	30,400
To Bad Debt Reserve	20,000	By Interest on Company Deposits	4,000
To Depreciation	60,000		
To Advertisement	36,000		
To Fire Insurance Premium	4,800		
To Donation	20,000		
To Advance Income Tax	16,000		
To Income Tax for 2018-19	12,000		
To Net Profit	136,000		
<b>Total</b>	<b>410,800</b>	<b>Total</b>	<b>410,800</b>

Following additional information are given.

- Allowable depreciation Rs. 40,000.
- Staff Salary include salary paid to Mrs. Kumar Rs. 12,000. Mrs. Kumar, M.Com writes the accounts of the business.
- General Expenses include furniture purchased for Rs. 10,000.
- Advertisement includes Rs. 8,000 paid for advertisement in souvenir of a political party.

**Q. No. 4 (A)** Mr. Rajiv acquired residential house property on 31<sup>st</sup> March, 1995 for Rs. 200,000. Additional Information pertaining to the property is as follows: **(15)**

- Fair Market Value as on 1<sup>st</sup> April, 2001 was Rs. 300,000
- Cost of Improvement made by him

Financial Year	Amount (Rs.)
1994 – 95	50,000
2006 - 07	170,000
2016 - 17	380,000

He sold the residential house property on 25<sup>th</sup> March, 2022 for Rs. 1,90,00,000.  
 He acquired a new residential house for Rs. 76,00,000.  
 Expense of transfer amounted to Rs. 75,000.

CII	Financial Year
2001-02	100
2006-07	122
2016-17	264
2021-22	317

OR

**Q. No. 4 (B)** Mr. Ravi is employed with M/s Furniture and crafts. He gives you the following information for the previous year 2021-22. **(15)**

Basic Salary	Rs. 8,00,000 p.a.
Bonus	Rs. 1,00,000
Professional Tax	Rs. 2,500
Dearness Allowance	Rs. 1,20,000
Advance Salary	Rs. 2,50,000

**Other Information :**

Dividend received from Bank of Maharashtra - Rs. 10,000  
 Royalty received - Rs. 60,000  
 Winnings from Lottery - Rs. 50,000  
 Interest on Savings Bank A/c – Rs. 8,000  
 Interest on term Deposits with Companies – Rs. 10,000  
 Employees RPF deducted from salary Rs. 30,000 p.a.  
 He paid by cheque mediclaim premium of Rs. 14,000 on health of himself and spouse.  
 He had taken loan from SBI for higher education of his son, during the year paid interest of Rs. 60,000 on his loan.  
 Compute his taxable income from the Assessment Year 2022-23

**Q. No. 5 (A)** Explain any eight expenses not allowed as deduction under the head “Income from Business and Profession”. **(8)**

**(B)** Capital Assets u/s 2(14) of Income Tax Act. **(7)**

OR

**Q. No. 5** Write a short note on (any three) **(15)**

(a) Remuneration to Partners u/s 40(b)  
 (b) Residential Status  
 (c) Person u/s 2(31)  
 (d) Short term Capital Gains  
 (e) Exemption of Gratuity u/s 10(10)

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Note: 1. All questions are compulsory.

2. Figures to right indicate marks

Q. No. 1 (A)	Multiple choice questions. (Any 8)	(08)
1	Prime cost is equal : _____ (a) Direct Cost (b) Direct cost + Factory overheads (c) Factory cost (d) Cost of Production	
2	Cost of rectification is a _____ (a) Factory overheads (b) Office overheads (c) Selling overheads (d) Direct cost	
3	Interest on Bank Deposits is _____ (a) Credited in costing P & L a/c (b) Debited in costing P & L a/c (c) Credited in financial P & L a/c (d) Debited in Financial P & L a/c	
4	Under valuation of opening stock in costing _____ (a) Increases costing profit (b) Decreases costing profit (c) Decreases financial profit (d) Both (a) & (b)	
5	Material supplied to site is debited to _____ (a) Contract a/c (b) Contractor's a/c (c) Contractee a/c (d) Material control account	
6	Normal loss is calculated a certain percentage of the _____ (a) Units introduced in the process (b) Direct materials (c) Cost of input (d) Direct labour	
7	Balance on abnormal gain a/c after adjustments of scrap value is transferred to _____ (a) Normal loss a/c (b) Process a/c (c) Costing P & L a/c (d) Cash a/c	
8	The product which has equal economic importance is a _____ (a) Joint product (b) By-product (c) Economic product (d) Consumer product	
9	Loss of material by fire is debited to _____ (a) Financial Profit & Loss a/c (b) Costing Profit & Loss a/c (c) Contract a/c (d) Contractee's a/c	
10	If the work done is less than 25% _____ (a) No profit is credited to P & La a/c (b) 50% of Notional profit is credited (c) 25% of Notional profit is credited (d) Debited to P & L a/c	
Q. No. 1 (B)	State whether the following statements are TRUE or FALSE. (Any 7)	(07)
1	Selling and distribution overheads are incurred on the cost of production of goods produced.	
2	Carriage inward should be added to purchase.	
3	Overheads include only fixed cost.	
4	Transfer to General Reserve is an item of financial accounts.	
5	If contract is 40% complete, 40% of the notional profit is credited to the profit and loss account.	
6	Loss on sale of furniture is shown in financial accounting.	
7	Cash received on contract is credited to Contract Account.	
8	Work certified is a part of W. I. P.	
9	Abnormal gain is excess of Normal output over Actual output.	
10	The wastage which is invisible has no realisable value.	

**Q. No. 2(A)** The product of a company passes through three distinct processes to completion. These processes are known as X, Y & Z. The following information is available for the year ended 31<sup>st</sup> Dec. 2020. (15)

Particulars	Process X	Process Y	Process Z
Material (Rs.)	2,70,000	2,60,000	1,20,000
Wages (Rs.)	4,30,000	2,40,000	1,30,000
Direct Expenses (Rs.)	1,37,500	1,45,000	1,80,000
Scrap value per unit (Rs.)	2.50	2.50	5.00
Normal Loss	2%	4%	10%
Actual Output (units)	48,750	47,000	42,000

50,000 units were put in the Process X at a cost of Rs. 10 per unit. There is no stock in any process. You are required to prepare the Process accounts, Abnormal Gain and Abnormal Loss account.

OR

**Q. No. 2 (B)** M/s. Pradip Enterprises provides you the following information for the month of Mach, 2020 about the Process I, II & III. (15)

Particulars	Process I	Process II	Process III
Basic Raw Material Introduced (Units)	20,000	4,420	3,740
Cost of Raw Material Per Unit (Rs.)	24	28	32
Labour Charges (Rs.)	3,43,500	2,93,700	2,44,800
Sundry Materials (Rs.)	1,55,700	1,00,160	89,480
Factory Overheads	40% of Basic Raw Materials	40% of Labour charges	40% of Labour charges
Normal Loss (% on total number of units inputs)	3%	5%	7%
Scrap Value Per Units (Rs.)	12	15	21
Output transfer to the next process (%)	70%	60%	--
Output sold at the end of the process (%)	30%	40%	100%
Selling Price Per Unit of Output sold (Rs.)	65	88	110

You are required to prepare Process Account.

**Q. No. 3 (A)** Following information relates to a building, contract commenced on 1<sup>st</sup> April, 2019 for Rs. 10,00,000. (15)

Particulars	2019-2020	2020-2021
Material issued	3,02,000	84,000
Direct Wages	2,00,000	1,00,000
Outstanding Wages	20,000	--
Sub-Contract charges	12,000	10,000
Indirect Expenses	10,000	--
General Expenses	6,000	1,400
Supervision charges	10,000	5,000
Work Certified (Cumulative)	7,50,000	10,00,000
Work Uncertified	8,000	--
Material at site at the end	5,000	--
Plant issued	14,000	2,000
Material returned to stores	2,000	5,000
Cash Received during the year	6,00,000	4,00,000

The value of Plant at the end of 2019-20 and 2020-21 was Rs. 7,000 and Rs. 5,000 respectively. Prepare Contract account for the year 2019-20 and 2020-21.

**OR**

**Q. No. 3  
(B)**

The Raheja Construction Co. undertook the construction of a building at a Contract price of Rs. 24,00,000. The date of commencement of contract was 1<sup>st</sup> April, 2019. The following cost information is given for the year ended 31<sup>st</sup> March, 2020.

**(15)**

Particulars	Rs.
Material sent to the site	6,00,000
Wages	8,80,000
Architect Fees	1,11,000
Office and Administrative overheads	3,02,000
Uncertified work	1,10,000
Materials at the site at the end of the year	20,000
Cash received (90% of work certified)	18,90,000
Material destroyed by Fire	10,000
Plant and Machinery at cost (Date of purchase- 1 <sup>st</sup> July, 2021. The estimated working life of the plant – 10 years and its estimated scrap value at the end Rs. 40,000)	4,00,000
Supervisor's salary	1,20,000

You are required to prepare a Contract account for the year ended 31<sup>st</sup> March, 2022.

**Q. No. 4  
(A)**

From the following details of AB & Co. Compute profit as per Profit & Loss A/c as well as, as per cost sheet and reconcile profit between cost sheet and Profit & Loss a/c showing clearly the reasons for the variation of the two profit figures.

**(15)**

Particulars	Rs.
Sales	2,00,000
Purchase of materials	30,000
Closing stock of materials	5,000
Direct wages	10,000
Indirect wages	5,000
Indirect Factory expenses	20,000
Bad debts	1,000
Interest on overdraft	500
Profit on sale of Assets	10,000
Selling Expenses	20,000
Distribution Expenses	10,000

In cost sheet Works overheads are recovered at 300% of direct wages, selling overheads at Rs. 15,000 and distributions at Rs. 7,000.

**OR**

**Q. No. 4  
(B)**

Following particulars have been extracted for the year ended 31<sup>st</sup> March, 2020 from the books of M/s. Rohit Manufacturing Co. Ltd.

**(15)**

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Purchase of Raw Materials	4,95,000	Travelling Expenses	11,920
Direct wages	3,18,000	Interest on Capital	30,000
Office salaries	94,500	Advertising	29,800
Carriage inwards	3,000	Power	10,500
Carriage outwards	2,80,120	Income Tax	95,000
Sales	16,00,000	Agent's commission	46,190
<b>Opening –</b>		Plant Maintenance	37,500
Raw Materials	1,80,000		
Finished Goods (6,000 units)	44,910		
Work-in-progress	66,000		
<b>Sundry Expenses-</b>		Rent and Lighting (9/10 <sup>th</sup> for Factory)	1,05,000
Factory	13,500		
Office	25,500		



	Building Repairs (1/10 <sup>th</sup> for Office)	1,05,000	Rent received	3,000	
	Manager's salary (for factory Rs. 12,000)	22,500	Rent of Warehouse	5,960	
	<b><u>Depreciation on –</u></b>		Sale of Scrap	4,500	
	Plant	19,500			
	Factory Building	7,500			
	Office Building	9,000			
	Closing stock of Raw Materials Rs. 1,95,000 and Work-in-progress Rs. 78,000. During the year 1,50,000 units were produced out of which 7,000 units remained unsold. Prepare Cost Sheet and show the total and per unit cost and total profit and per unit profit earned.				
<b>Q. No. 5</b>					
(A)	Classify the cost on the basis of behaviour.				(08)
(B)	Distinguish between work certified and work uncertified.				(07)
<b>OR</b>					
<b>Q. No. 5</b>	Write short notes on-				(15)
	a) Treatment of Scrap in Cost Sheet				
	b) Under / Over Absorption of overheads				
	c) Escalation Clause				
	d) Difference between Joint Products and Co-Products				
	e) Features of Process costings				

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Note: 1. All questions are compulsory.

2. Figures to right indicate marks.

**Q. 1 A. Multiple choice Questions (Any 8)**

**08**

1. Physical parts of the computer are called \_\_\_\_\_.  
a. Software b. hardware c. application d. none of the above
2. EDI stands for \_\_\_\_\_.  
a. Electronic Data interface c. Electronic direct interface  
b. Electronic data interchange d. electronic direct interchange
3. Keyboard short cut to paste the data is \_\_\_\_\_.  
a. Ctrl+C b. Ctrl+X c. Ctrl+ Y d. Ctrl+ V
4. \_\_\_\_\_ were used in 1<sup>st</sup> generation of computers.  
a. Vacuum tubes b. Integrated circuits c. VLSI chips d. Transistors
5. Remote/offsite storage is also called as \_\_\_\_\_ backup.  
a. Air b. Wind c. Cloud d. Rain
6. \_\_\_\_\_ command is used to locate a specific text from the document.  
a. Locate b. Replace c. Paste d. Find
7. \_\_\_\_\_ is used to create a webpage.  
a. HTML b. HTTP c. IP d. Chat
8. \_\_\_\_\_ search tool searches topics in .doc and .pdf.  
a. Meta b. Document c. Subject d. Search Engine
9. \_\_\_\_\_ device can help us to find our destination correctly.  
a. Nano technology b. E-Commerce c. GPS d. MICR
10. \_\_\_\_\_ type of E-Commerce is transaction between supplier and manufacturer.  
a. B2C b. B2D c. B2B d. C2C

**Q. 1 B. State the following as True or False (Any 7)**

**07**

1. ROM is volatile memory.
2. Scanner is an input device.
3. In MS Excel, Absolute address is used to block both the end of Cell address.
4. CTRL+ S is used to search word in MS- word.

5. EFT stand for Electronic Fund Transfer.
6. Flash drive is a part of primary memory.
7. .com is an example of TLD.
8. DNS is used to map IP addresses to human understandable English like names.
9. Ebay is an example of B2C E-Commerce.
10. Hyperlinks are used to navigate among the webpages in a website.

- Q. 2** A. What is Memory? Explain the types of Memory. 08  
 B. What are input devices? Explain some of them. 07

**OR**

- C. What is computer network? What are the uses or objectives of computer network? 08  
 D. Define Software. Explain types of Software. 07
- Q. 3** A. Explain any 4 browsers used in surfing the webpage? 08  
 B. Explain the following terms:

- a) WWW b) Internet c) Homepage d) Webpage e) Website 07

**OR**

- C. Explain various types of E-Commerce Software. What are the purpose of E-commerce software? 08  
 D. Explain Information Searching Tools. 07
- Q. 4** A. Define E-commerce. Explain advantages and disadvantages of E-commerce. 08  
 B. Write short note on Electronic Payment systems. 07

**OR**

- C. What is EDI? Explain the benefits of EDI. 08  
 D. Explain any seven built in functions of MS Excel. 07
- Q. 5** A. Explain the various threats and risk involved in E-commerce. 15

**OR**

- B. Write Short notes on (Any 3)** 15
1. Mail Merge
  2. Any three option of HOME button in MS WORD
  3. Intranet
  4. Search Engine
  5. Online Hardware

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GES/SBVC/BAF

EXTERNAL EXAM, OCTOBER, 2022

DATE :- 06/10/2022

TIME:- 9.30 am to 12.00 noon

PROGRAMME:- SYBAF (SEM - III)

75 MARKS

COURSE :- FOUNDATION COURSE IN COMMERCE (FMO)

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Note: 1. All questions are compulsory.

2. Figures to right indicate marks.

**Q.1 (A) Select the correct answer from the following options. (Any 8)**

(8)

1. Reserve Bank of India is an example of \_\_\_\_\_ bank.

(Commercial bank, central bank, savings bank)

2. \_\_\_\_\_ is defined as personal disposable income minus personal consumption expenditure.

(Investment, Expenditure, Saving)

3. The \_\_\_\_\_ is a market where existing securities are traded.

(Primary market, Secondary market, Money market)

4. The IPO of a bank process is ultimately regulated by the \_\_\_\_\_.

(RBI, SEBI, AMFI)

5. \_\_\_\_\_ is a type of security that represents the true ownership in a company.

(Equities, Preference, Debentures)

6. \_\_\_\_\_ contracts have counter party risk.

(Forward, Futures, Swaps)

7. A company which acts as a fund manager of an investment is known as \_\_\_\_\_.

(Asset Creation Company, Asset Management Company, Asset Board Company)

8. Which among the following is a limitation of a mutual fund?

(Economies of scale, Tax efficiencies, Overload of choices)

9. A \_\_\_\_\_ holder is the creditor of the company.

(Equity, Preference shares, Debenture holder)

10. A security used by RBI to adjust liquidity in the financial system.

(T-Bills, Repo, CDs)

**Q.1 (B) State whether the following statements are true or false. (Any 7)**

(7)

1. Credit cards allow overdraft facility

2. Commercial papers are transferrable from one party to another

3. Financial services are offered by intermediaries

4. CP is not sold at a discount and redeemed at par.

5. Forward and future derivative contracts are of same nature

6. Interest on corporation bonds are taxable

7. An ESOP is a kind of employer benefit plan, similar in some ways to a profit sharing plan
8. Financial instruments are those instruments issued by government
9. The organized sector is largely made up of money lenders and indigenous bankers.
10. Interest rates influence the level of investment in an Economy.

**Q. 2 (A)** What are the functions of financial system? (8)

**(B)** Explain the different types of Commercial Banks. (7)

**OR**

**(C)** What is the inflation? What are the various types of inflation? (15)

**Q. 3 (A)** Explain the Advantages of Stock Exchange (8)

**(B)** What are the features of Red Herring Prospectus? (7)

**OR**

**(C)** What are the types and features of debt instruments? (15)

**Q. 4 (A)** What is a forward contract? Explain its features and limitations. (8)

**(B)** Distinguish between Futures and Options (7)

**OR**

**(C)** What is derivative? Explain its advantages and disadvantages. (15)

**Q.5 (A)** What is Mutual Funds? Explain its types. (7)

**(B)** Explain the services of Merchant Banks (8)

**OR**

**(C) Write a short notes on (Any 3)** (15)

1. Book-building

2. Repurchase agreements

3. Debit Cards

4. Types of Consumer Credits

5. Venture Capital

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