

MAHATMA GANDHI UNIVERSITY, KOTTAYAM
MGU- UGP (HONOURS)
(2024 Admission Onwards)
B.COM SEMESTER 2 - MODEL QUESTION PAPER
MG2DSCBLW100 – Business Regulatory Framework-(Minor)
Duration: 1 hr 15 minutes Maximum Marks: 70

Students should attempt at least one question from each course outcome to enhance their overall outcome attainability.

Part A
Attempt any twenty questions. Each question carries 1 mark.

1. Which of the following is/are core areas of mercantile law? (Understand) (CO1)
(i) Partnership Act (ii) Contract Act (iii) Sale of Goods Act
a) (i) only b) (ii) and (iii) only c) (ii) only d) (i), (ii) and (iii)
2. Which of the following agreements is void under the Indian Contract Act, 1872?
(Understand) (CO2)
a) An agreement in restraint of trade b) An agreement in restraint of legal proceedings
c) An agreement by way of wager d) All the options
3. The Sale of Goods Act governs the sale of (Understand) (CO5)
a) Movable goods b) Immovable property
c) Both movable & immovable property d) Goods & services together
4. A person appointed by the original agent to act in the business of the agency but under the control of the original agent is known as a/an (Understand) (CO4)
a) agent by estoppel b) sub-agent
c) substituted agent d) del credere agent
5. An agreement that is illegal is: (Understand) (CO2)
a) Always void but not punishable b) Void and punishable under law
c) Void but may be enforced in special cases d) Valid unless challenged in court
6. A Quasi Contract is based on: (Understand) (CO2)
a) Mutual agreement between the parties
b) Obligation imposed by law
c) The will of one party
d) A written contract between the parties
7. In an E-Contract, a “Click-wrap” agreement refers to: (Understand) (CO2)
a) An agreement where the user clicks “I Agree” to terms and conditions
b) A contract signed by hand and uploaded online
c) An oral contract made over the phone
d) A contract that requires physical signatures
8. Bailment is primarily concerned with the: (Understand) (CO3)
a) Sale of immovable property b) Transfer of ownership of goods.
c) Delivery of goods for a temporary purpose. d) Creation of a permanent interest in goods.

9. The term "Quantum Meruit" means: (Understand) (CO2)
 a) As much as is earned b) As much as is deserved
 c) As much as is agreed d) As much as is paid
10. Which of the following best describes "Novation" in contract law? (Understand) (CO2)
 a) Assignment of rights without obligations
 b) Transfer of both rights and obligations with the consent of all parties
 c) Termination of contract due to breach
 d) Modification of contract terms without changing parties
11. Which of the following is a fundamental requirement for valid consideration in a contract? (Understand) (CO1)
 a) It must be adequate to the promise. b) It must be performed by the promisor.
 c) It must move at the desire of the promisor. d) It must be of monetary value.
12. Which of the following is NOT a remedy for breach of contract? (Understand) (CO2)
 a) Damages b) Specific performance
 c) Imprisonment of the guilty party d) Injunction
13. Which type of damages is awarded to compensate the actual loss suffered by the aggrieved party? (Understand) (CO2)
 a) Punitive damages b) Nominal damages
 c) Ordinary damages d) Special damages
14. When consent is caused by coercion, the contract becomes (Understand) (CO1)
 a) Void b) Voidable
 c) Void -ab-initio d) None of the other options
15. Which of the following is NOT an essential element of a valid contract of sale under the Sale of Goods Act, 1930? (Understand) (CO5)
 a) There must be two parties – a buyer and a seller
 b) The subject matter must be goods.
 c) The price must always be paid at the time of sale.
 d) There must be a transfer of property in goods.
16. Which of the following is NOT considered "goods" under the Sale of Goods Act, 1930? (Understand) (CO5)
 a) A car
 b) A factory building
 c) Stocks and shares
 d) Growing crops agreed to be severed before sale
17. In a sale of specific goods, when does ownership transfer to the buyer? (Understand) (CO5)
 a) When the buyer receives delivery of goods
 b) When the price is paid in full
 c) When the parties intend to transfer ownership
 d) When the goods are identified for delivery
18. Tender indicates (Understand, CO2)
 a) Actual Performance b) Offer for performance c) Breach of contract d) None of the other options
19. Which of the following is NOT a right of an unpaid seller under the Sale of Goods Act, 1930? (Remember) (CO5)
 a) Right to stop goods in transit
 b) Right to resell the goods
 c) Right to claim interest on delayed payment automatically

d) Right to lien on goods

20. Which of the following is an exception to the doctrine of "Caveat Emptor"?

(Understand) (CO5)

- a) When the seller is not the manufacturer of goods
- b) When the buyer examines the goods before purchase
- c) When the buyer relies on the seller's skill and judgment
- d) When the goods are sold at a discounted price

21. Who among the following can exercise particular lien? (Understand) (CO3)

- a) Wharfinger (b) Banker (c) Factor (d) Tailor

22. Which of the statements is not true? (Understand) (CO3)

- (i) A pledgee can use the goods pledged. (ii) A pledgee has the right of sale.
- (iii) A pledge can be with or without consideration (iv) Pledge is a kind of bailment
- a) i & ii b) i & iii c) ii & iii d) I, ii & iv

[1 x 20 = 20]

Part B

Answer any 25 Questions Each question carries 2 marks

23. Which of the following statements is INCORRECT regarding void and illegal agreements?

(Understand) (CO2)

- a) All illegal agreements are void, but not all void agreements are illegal
- b) A void agreement has no legal effect, but an illegal agreement may have criminal consequences
- c) An agreement may be void due to uncertainty, but not necessarily illegal
- d) A collateral agreement to an illegal agreement is always enforceable

24. The Indian Contract Act, applies to the: (Understand, CO1)

- a) Whole of India excluding Jammu & Kashmir b) Whole of India including Jammu & Kashmir
- c) States notified by the Central Government from time to time d) None of the above.

25. Clayton's Rule applies (Understand) (CO2)

- a) A debtor makes multiple payments to a creditor without specifying which debt is being cleared
- b) A contract is terminated before completion
- c) A customer deposits money into a fixed deposit account
- d) A business issues multiple invoices to a client

26. Quasi contracts are (Understand, CO2)

- a) Created by explicit agreement b) The event solely depends on one party's action
- c) Based on the principle of unjust enrichment d) Always verbal contracts

27. X, an agent, enters into a contract on behalf of Y but does not disclose that he is acting as an agent. The third party, after learning about Y's existence, sues X instead of Y. What is X's liability? (Apply) (CO6)

- a) X is personally liable since he did not disclose his principal.
- b) X is not liable, and the third party must sue Y.
- c) X and Y are jointly liable.
- d) X is liable only if the third party refuses to contract with Y.

28. A guaranteed B's loan to C through a continuing guarantee. Later, A gave a written notice to B revoking his guarantee. What is A's liability after revocation? (Apply) (CO6)

- a) A is liable for all past and future loans.
- b) A is discharged from all liabilities immediately.

- c) A is liable only for loans given before revocation.
- d) A remains liable if C defaults within six months.

29. A enters into a contract with B to indemnify him against losses due to theft in his shop. Later, B's shop is looted during a riot. Can B claim indemnity from A? (Apply) (CO6)

- a) Yes, because theft includes all types of unlawful taking.
- b) No, because the loss was caused by a riot, not theft.
- c) Yes, but only if B proves he took precautions to prevent the riot.
- d) No, because an indemnity contract does not cover riots unless specified.

30. A stood as a surety for B's loan from C. Later, C, without informing A, gave away the securities held against the loan. What happens to A's liability? (Apply) (CO6)

- a) A is fully discharged from the guarantee.
- b) A remains liable, but C must compensate for the lost securities.
- c) A is liable only for half of the loan amount.
- d) A is discharged only if the securities were sufficient to cover the debt.

31. Which of the following statements is TRUE regarding conditions and warranties under the Sale of Goods Act, 1930? (Understand) (CO5)

- a) A condition is a minor term that does not affect the main contract.
- b) A breach of warranty allows the buyer to cancel the contract.
- c) A condition can be treated as a warranty if the buyer voluntarily accepts the goods.
- d) Warranty is a more important term than a condition.

32. Which of the following can terminate an agency relationship? (Understand, CO4)

- a) Bankruptcy of the principal
- b) Death of the agent
- c) Fulfilment of the task for which agency was created
- d) All of the other options.

33. When an anticipatory breach occurs, the aggrieved party can: (Understand, CO2)

- a) Wait until the due date to take legal action
- b) Immediately sue for damages
- c) Cancel the contract
- d) All of the above

34. A sells goods to B on credit. Before B makes payment, A learns that B is insolvent. What can A do? (Apply, CO5)

- a) A can stop the goods in transit
- b) A can demand full payment before delivery
- c) A can sue B's creditors for the payment
- d) A cannot take any action since credit was granted

35. P buys a second-hand laptop from Q without asking about its specifications. After using it, P realizes it does not have enough storage for his needs. Can P claim compensation from Q? (Apply) (CO6)

- a) Yes, because the seller must ensure the product is suitable for the buyer
- b) No, because the buyer did not ask about the specifications
- c) Yes, because the product was not of merchantable quality
- d) No, because Q is only liable if he gave a false description

36. A agrees to sell machinery to B for ₹5,00,000. Later, A refuses to deliver. What is B's legal remedy? (Understand) (CO6)

- a) B can sue for damages or demand specific performance
- b) B can force A to sell at a reduced price

- c) B has no remedy since the sale was not completed
- d) B must enter into a new contract with A

37. In an auction, X bids for a car. Before the auctioneer accepts, X withdraws his bid. Can the auctioneer force X to buy the car? (Understand) (CO5)

- a) Yes, once a bid is placed, it cannot be withdrawn
- b) No, because a bid is just an offer that can be revoked before acceptance
- c) Yes, if the auctioneer had announced that bids cannot be withdrawn
- d) No, unless X had paid a deposit

38. A delivers goods to B but retains a seller's lien. What does this mean? (Understand) (CO5)

- a) A has the right to repossess the goods even after delivery
- b) A can refuse to deliver goods until full payment is received
- c) A can demand additional payment before delivery
- d) A can take back the goods even if B has paid partially

39. A orders 1,000 kg of rice from B. B delivers only 900 kg. What are A's rights? (Understand) (CO5)

- a) A must accept whatever is delivered
- b) A can reject the whole delivery or accept 900 kg and claim compensation
- c) A must accept 900 kg and pay proportionately
- d) A can demand an additional discount from B

40. A sells a horse to B, stating that it is fit for racing. Later, B finds out that the horse has a defect and cannot run fast. What remedy is available to B? (Apply) (CO6)

- a) B can reject the horse and claim a refund.
- b) B can only claim damages but must keep the horse.
- c) B can demand a replacement horse.
- d) B has no remedy as the defect was not visible.

41. P agrees to sell 100 bags of rice to Q from future stock. Before delivery, a flood destroys the warehouse and all the rice. What happens to the contract? (Apply) (CO6)

- a) The contract is still valid, and Q can demand delivery later.
- b) The contract is void, as the goods perished before ownership passed.
- c) P must supply the rice from another source.
- d) P must pay damages to Q.

42. A sells defective machinery to B without informing about the defects. B discovers the defects after six months. What is B's remedy? (Apply) (CO5)

- a) B can reject the machinery and demand a refund.
- b) B can only claim damages for breach of warranty.
- c) B has no remedy as he used the machinery for six months.
- d) B can demand replacement machinery.

43. A agrees to sell 500 bags of wheat to B. Before delivery, A mixes B's wheat with his own, making it impossible to separate. Who owns the wheat now? (Apply) (CO6)

- a) A, because the wheat is still in his warehouse.
- b) B, because A has appropriated the goods to the contract.
- c) Both A and B jointly own the wheat.
- d) Ownership will transfer only after B takes delivery.

44. At an auction, a car is listed with a reserved price of ₹5,00,000. The highest bid is ₹4,80,000, but the auctioneer still announces the sale. Can the owner refuse to sell? (Apply) (CO6)

- a) Yes, because the highest bid did not meet the reserve price.
- b) No, because the auctioneer has already announced the sale.
- c) No, because bidders are protected under auction laws.
- d) Yes, but only if the auctioneer allows withdrawal.

45. Consider the following Statements and select the correct option (Understand, CO4)

Statement I- The definition of indemnity is not given in the Indian Contract Act

Statement II- The contract of guarantee shall be in writing

- a) Both the statements are correct b) Both the statements are incorrect.
- c) Statement I is correct and II is incorrect d) Statement I is incorrect, but II is correct.

46. Consider the following assertion and reason and choose the appropriate answer (Understand, CO2)

Assertion (A): A contract becomes void if its performance is rendered impossible due to an unforeseen event beyond the control of the parties.

Reason (R): The doctrine of supervening impossibility states that if an event occurs after the formation of the contract, making its performance impossible, the contract is automatically discharged

- (a) Both A and R are correct and R is the correct explanation of A
- (b) Both A and R are correct, but R is not the correct explanation of A
- (c) Both A and R are incorrect
- (d) A is correct, but R is incorrect

47. Though not the owner of the goods, pledge by which among the following are recognised by the provisions of the Contract Act? (Understand) (CO3)

- (i) Mercantile agent (ii) Co-owner in possession
- (iii) Seller in possession after the sale (iv) A person in possession under a voidable contract

- (a) All the four options (b) i, ii and iii (c) i, ii & iv (d) i, iii & iv

48. In which of the following circumstances can a finder of lost goods sell the same? (Understand) (CO3)

- (i) When the owner refuses to pay the lawful charges
- (ii) When the goods are of perishable nature
- (iii) When the owner cannot be traced despite reasonable efforts
- (iv) When the lawful charges amount to half of the value of goods
- (a) i, ii & iii (b) i, ii & iv (c) ii, iii and iv (d) All the four options

49. A gives some cloth to the tailor for making a shirt. The tailor's charges are Rs 400.

When the shirt is ready A tenders to pay Rs 400, but the tailor refuses to handover the shirt and demands further Rs 200 which was due from A earlier. The legal position is (Apply) (CO6)

- (a) A has to pay Rs 200 and the line can be exercised by the tailor till then,
- (b) A shall ask for another week's time to settle the previous dues and the tailor can exercise the lien
- (c) The tailor cannot exercise the lien for the previous dues from A as per the provisions of the Act.
- (d) As the previous dues are less than Rs 400, the tailor can exercise the line since tailor's charges at this instance is Rs 400.

[2 x 25 = 50]

MAHATMA GANDHI UNIVERSITY, KOTTAYAM
MGU-UGP (HONOURS)
(2024 Admission Onwards)
B.COM SEMESTER 2 - MODEL QUESTION PAPER
MG2DSCBST100- BUSINESS AND SUSTAINABLE DEVELOPMENT

Time: 1 Hour

Max. Marks: 50

Students should attempt at least one question from each course outcome to enhance their overall outcome attainability

SECTION A- MCQ

Answer any **20** questions. Each question carries **1** mark.

1. The concept of Sustainable Development emerged in the year (CO1, U)
 - a. 1971
 - b. 2000
 - c. 1798
 - d. 2021
2. Which conference led to the formation of Agenda 21? (CO1, U)
 - a. Earth Summit
 - b. Kyoto Protocol
 - c. Stockholm Conference
 - d. Paris Agreement
3. Which of the following is an example of an economic environment factor? (CO1, U)
 - a. Economic conditions
 - b. Economic policies
 - c. Economic systems
 - d. All of the other options
4. Which of the following is an international treaty for the conservation and sustainable use of wetlands? (CO1, U)
 - a. UDHR
 - b. Ramsar Convention
 - c. Basel Convention
 - d. Paris Agreement
5. A system of production and consumption where materials and products are reused or regenerated is known as (CO1, U)
 - a. Circular Economy
 - b. Bottom of Pyramid
 - c. Sustainopreneurship
 - d. Socialist economy
6. SDG 5 is related to (CO2, U)
 - a. Affordable & Clean energy
 - b. Partnership for goals
 - c. Climate action
 - d. Gender Equality
7. Which of the following country has already achieved net zero carbon emission? (CO2, R)
 - a. Bhutan
 - b. India
 - c. China
 - d. Oman
8. What term describes businesses misleadingly promoting themselves as environmentally friendly? (CO2, U)
 - a. Greenwashing
 - b. Sustainable branding
 - c. Ecolabeling
 - d. Green marketing
9. SDG India Index is developed by (CO2, U)
 - a. UNEP
 - b. UNFCCC
 - c.
 - c. NITI Aayog
 - d. RBI

10. Which SDG is related with decent work and economic growth? (CO2, R)
a. SDG 1 c. SDG 12
b. SDG 13 d. SDG 8
11. Whirlpool Corporation designed an energy efficient refrigerator using principles from penguin feathers. This is an example of (CO3, An)
a. Biomimicry c. Green price
b. Bio assistance d. Green Marketing Mix
12. The process of evaluating the environmental impacts of a product throughout its entire life cycle is known as (CO3, U)
a. Product life cycle c. Green accounting
b. Life cycle assessment d. None of the other options
13. The first social impact bond in India introduced in the year (CO3, R)
a. 2019 c. 2021
b. 2020 d. 2024
14. Which of the following is not a technique used for investing in ESG Mutual Funds? (CO3, U)
a. Interview c. Positive selection
b. Exclusionary screening d. ESG integration
15. SASB was established in the year (CO3, R)
a. 2001 c. 2021
b. 2011 d. 2023
16. The type of insurance that covers financial losses while rewarding individuals for adopting eco-friendly practices is known as (CO3, U)
a. Green deposits c. Green bonds
b. Green insurance d. Blue bonds
17. Which segment of BOP consists of affluent consumers? (CO4, U)
a. Mature market c. Bottom of pyramid
b. Emerging market d. Target market
18. Green Gujarat tree plantation campaign is an initiative of (CO4, U)
a. Coca Cola c. Cadbury
b. Amul d. KSEB
19. Which section of Companies Act, 2013, held the Corporate Social Responsibility as mandatory? (CO4, R)
a. Section 135 c. Section 145
b. Section 8 d. Section 122
20. Which of the following is not a metrics for environmental performance in TBL? (CO4, U)
a. Water Consumption c. Carbon Footprint
b. Energy Usage d. Return on Investment
21. Which of the following is not a model of social entrepreneurship? (CO4, R)
a. Social-for-profit enterprise c. Hybrid model
b. Non-profit organisation d. Autocratic model

22. A lifestyle choice that excludes the consumption of animal products is known as (CO4, U)
- Minimalism
 - Veganism
 - Thrifting
 - Green Building

PART B

Answer any **15** multiple choice questions. Each question carries **2** marks.

23. Match List I with List II (CO1, R)

List I	List II
A. 2014	i. NAPCC
B. 2010	ii. Viksit Bharat 2047
C. 2023	iii. Make in India Mission
D. 2008	iv. National Green Tribunal

- A-iv, B-iii, C-i, D-ii
 - A-i, B-ii, C-iii, D-iv
 - A-ii, B-iii, C-i, D-iv
 - A-iii, B-iv, C-ii, D-i
24. Which of the following statements are true? (CO1, U)
- Statement I: Jal Jeevan Mission focuses on providing safe and adequate drinking water to all rural households.
- Statement II: Viksit Bharat aims at transforming India into a developed nation by 2047.
- Both the statements are true
 - Both the statements are false
 - Statement I is true; statement II is false
 - Statement I is false; Statement II is true
25. Which of the following statements are not true about sustainable development? (CO1, U)
- SD ensures the needs and wants of people are met both now and in the future.
 - It is concerned only about reducing poverty.
 - SD strives to balance economic growth, environmental protection and social well-being.
 - It is concerned with only conservation of resources not its efficient use.
- i and ii only
 - i and iv only
 - ii and iii only
 - i and iv only
26. 'Companies are encouraged to develop new technologies and practices that promote sustainability while remaining economically viable.' Which key aspect regarding feasibility of sustainable development is mentioned in this statement? (CO1, U)
- Integrated approach
 - Innovative solutions
 - Public awareness and support
 - Collaboration

27. Match List I with List II (CO2, U)

List I	List II
A. SDG 4	i. Climate action
B. SDG 8	ii. Quality education
C. SDG 13	iii. Decent work and economic growth
D. SDG 15	iv. Life on land

- A-iv, B-iii, C-i, D-ii
 - A-i, B-ii, C-iii, D-iv
 - A-ii, B-iii, C-i, D-iv
 - A-ii, B-iv, C-i, D-iii
28. Which of the following are not publications of UNDP? (CO2, U)
- Human Development Reports
 - Sustainable Development Goals Reports
 - Business Responsibility & Sustainability Report
 - CSR Reports
 - MPI Reports
- A, B & E only
 - A & E only

b. C & D only

d. D & E only

29. Rank the following countries on the basis of carbon emissions from highest to lowest: (CO2, R)

I. India, II. China, III. Russia, IV. US

a. I, II, III and IV

c. II, IV, I and III

b. IV, III, II and I

d. II, I, III and IV

30. The aim of SDG 7 is (CO2, U)

a. Reduce inequality within and among countries.

b. Ensure access to affordable, reliable, sustainable and modern energy for all.

c. Take urgent action to combat climate change and its impact.

d. Ensure sustainable consumption and production patterns

31. Given below are two statements. One is labelled as Assertion (A) and other is labelled as Reason (R)
Assertion (A): Masala green bond helps mitigate currency risk for Indian issuers when raising funds in foreign markets.

Reason (R): Masala Green Bonds are denominated in Indian Rupees.

(CO3, E)

a. Both A and R are true and R is the right explanation of A

b. Both A and R are true but R is not the right explanation of A

c. A is true; R is false

d. A is false; R is true

32. Which of the following is not a characteristic of sustainable finance and investment? (CO3, E)

a. ESG integration

c. Risk management

b. Positive impact on sustainable development

d. Short term perspective

33. Which of the following statements are true regarding carbon markets? (CO3, An)

Statement I: Regulated large entities mandatorily buy carbon credits to offset emissions in compliance markets.

Statement II: In voluntary markets, entities on their choice can purchase credits to offer emissions beyond regulations.

a. Both the statements are true

b. Both the statements are false

c. Statement I is true; statement II is false

d. Statement I is false; Statement II is true

34. Match List I with List II (CO3, U)

List I	List II
A. People	i. Return on Investment
B. Profit	ii. Waste Management
C. Planet	iii. Ethics & Compliance
D. Governance	iv. Employee satisfaction

a. A-iv, B-i, C-ii, D-iii

c. A-ii, B-iii, C-i, D-iv

b. A-i, B-ii, C-iii, D-iv

d. A-ii, B-iv, C-i, D-iii

35. Which of the following statements are true? (CO3, An)

Statement I: TBL Reporting promotes sustainable business practices that consider only the short-term well-being of people and the planet.

Statement II: It encourages organizations to be accountable only to shareholders of the company.

a. Both the statements are true

c. Statement I is true; statement II is false

b. Both the statements are false

d. Statement I is false; Statement II is true

36. Which of the following measures are used to determine the profit aspect of Triple Bottom Line? (CO4, U)
- a. Employee demographics
 - b. Information on late payments or penalties
 - c. Greenhouse gas emissions
 - d. Charitable contributions

37. Match List I with List II (CO4, U)

List I	List II
A. Notpla	i. Sustainable packaging
B. Sahas Zero Waste	ii. Waste management & Recycling
C. GoodDot	iii. Sustainable food product
D. 24Mantra	iv. Organic farming

- a. A-iv, B-iii, C-i, D-ii
- b. A-i, B-ii, C-iii, D-iv
- c. A-ii, B-iii, C-i, D-iv
- d. A-ii, B-iv, C-i, D-iii

38. Which of the following is an example of sustainopreneurship? (CO4, U)
- a. A company that develops sustainable packaging solutions
 - b. A business that prioritizes shareholder value over environmental concerns
 - c. A non-profit organization that promotes environmental conservation
 - d. A government agency that regulates environmental policies

39. Which of the following statements are true as per Future scape Responsible Business Rankings 2021?
- Statement I: Indian corporates mostly focus on gender equality while life below water gets the least attention.
- Statement II: Indian corporates mostly focus on life below water while gender equality gets the least attention. (CO4, An)
- a. Both the statements are true
 - b. Both the statements are false
 - c. Statement I is true; statement II is false
 - d. Statement I is false; Statement II is true

MAHATMA GANDHI UNIVERSITY
MGU-UGP (HONOURS) 2024 Admission Onwards
Semester 2 -Model Question Paper
MG2DSCCOM100 -Indian Securities Market: Structure and Operations

Part A -Answer any 20 questions
Each question carries 1 Mark

Time: 1 Hr 15 minutes

Marks: 70

1. Which of the following is NOT a component of financial markets? [U][1]
 - a) Capital Market
 - b) Money Market
 - c) Real Estate Market
 - d) Forex Market
2. What is the main role of the financial market? [U] [1]
 - a) Facilitate trade of physical goods efficiently
 - b) Provide banking services
 - c) Ensure inflation remains constant
 - d) Mobilize savings and allocate resource
3. What is an escrow account in a primary issue? [U][2]
 - a) A temporary account to hold funds until conditions are met
 - b) A company's savings account
 - c) A shareholder's dividend account
 - d) A government account for tax collection
4. What is a bear market? [U] [3]
 - a) A market where stock prices are increasing
 - b) A market with low liquidity
 - c) A market where stock prices are declining
 - d) A market where only bonds are traded
5. Which of the following is a major stock index in India? [U][3]
 - a) Dow Jones
 - b) FTSE 100
 - c) BSE Sensex
 - d) NASDAQ
6. Which of the following is not a regulatory institution in Indian financial system? [U][3]
 - a) RBI
 - b) CIBIL
 - c) SEBI
 - d) IRDA
7. Which stock exchange is the largest in India? [U] [3]
 - a) Bombay Stock Exchange (BSE)
 - b) National Stock Exchange (NSE)
 - c) Calcutta Stock Exchange
 - d) Delhi Stock Exchange
8. _____ is the process of determining the price of a new security issue in the primary market. [U] [2]
 - a) Underwriting
 - b) Price management
 - c) Price discovery
 - d) Price fixing
9. What is Virtual Trading? [U] [5]
 - a) Trading in physical markets
 - b) Simulating trading activities
 - c) Automated trading using
 - d) Trading currencies using blockchain technology

using electronic
payments

in a risk-free
environment

Artificial
Intelligence

10. What does ASBA stand for? [U] [2]

- | | | | |
|---|---|---|---|
| a) Application
Supported by
Bank Amount | b) Application
Supported by
Blocked
Amount | c) Application
Submitted by
Bank
Authority | d) Application
Secured by
Bank
Authorization |
|---|---|---|---|

11. The financial institution that initiates the mutual fund is [U] [4]

- a) SEBI b) Asset Management Company c) Sponsor d) Banks

12. Identify the correct statement regarding Mutual Funds. [An] [4]

- a) All mutual funds have lock in period.
b) Long term mutual funds results in loss.
c) When return of mutual fund increases the service charges will also increases.
d) Investors can choose flexible options according to their investment needs.

13. What is a notified commodity? [U] [4]

- a) A commodity that is notified in the newspaper.
b) A commodity that is notified by a broker.
c) A commodity that is notified by the traders.
d) A commodity that is notified by the central government.

14. Derivative helps the parties of the contract to ____ [U][4]

- a) Lock the price of an underlying asset.
b) To make a profit even in an adverse market.
c) Enter into a contract even without the underlying asset.
d) All of the options

15. What is the purpose of the KYC Form in account opening? [U] [5]

- a) To select trading services
b) To provide personal information and supporting documents
c) To list stock preferences
d) To authorize fund transfers

16. The NIFTY Bank index tracks which sector? [U] [3]

- a) Information Technology
b) Banking
c) Pharmaceuticals
d) Automobile

17. What is the "T+1" settlement cycle, recently implemented in India, related to? [U][3]

- a) Time taken for IPO allotment
b) Time taken for stock settlement after a trade
c) Time taken for dividend payout
d) Time taken for corporate announcements

18. What is the function of a "stockbroker" in the Indian secondary market? [U] [3]

- a) To print money.
b) To facilitate transactions between buyers and sellers.
c) To regulate the reserve bank of India.
d) To set government policy.

19. What does SEBI stand for? [U][1]

- a) Securities and Exchange Bureau of India
b) Stock Exchange Board of India
c) Securities and Exchange Board of India
d) Securities and Equity Bureau of India.

20. What does a stop-loss order help a trader do? [U] [3]
- Avoid all risks in trading
 - Automatically sell a stock when it reaches a certain price
 - Buy more stocks at a lower price
 - Calculate profits
21. What is speculation in financial markets? [U][3]
- Long-term investment in stocks
 - Buying and selling assets for short-term profit
 - Government intervention in markets
 - Avoiding risk in stock trading
22. Which of the following is a depository in India? [U][3]
- SEBI
 - RBI
 - NSDL
 - BSE

(20*1=20)

Part B- Answer any 25 questions
Each question carries 2 marks

23. The primary market segment of capital market is primarily known for ; [U][2]
- Trading existing securities
 - Issuing new securities
 - Providing liquidity
 - Risk management
24. Who can apply for IPO using the ASBA facility? [U] [2]
- Only retail investors
 - Only institutional investors
 - Any investor with a bank account offering ASBA
 - Only high net – worth individuals
25. **Assertion (A):** The money market primarily deals with short term financial needs.
Reason (R): The capital market is used for raising long term funds. [U, 1]
- Both (A) and (R) are true, and (R) is the correct explanation of (A).
 - Both (A) and (R) are true, but (R) is NOT the correct explanation of (A).
 - (A) is true, but (R) is false.
 - (A) is false, but (R) is true.
26. **Assertion (A):** The secondary market provides liquidity for investors. [U, 3]
- Reason (R):** Investors can easily buy and sell securities.
- Both (A) and (R) are true, and (R) is the correct explanation of (A).
 - Both (A) and (R) are true, but (R) is NOT the correct explanation of (A).
 - (A) is true, but (R) is false.
 - (A) is false, but (R) is true.
27. In the calculation of free float market -capitalisation weighted indices, which shares have a higher weight? [U][3]
- Shares with higher prices
 - Shares with lower liquidity
 - Shares with higher free -float market capitalization
 - Shares with equal market capitalization.
28. From the following identify the statements which not explain the benefits of Mutual Funds. [U][4]
- Investors can opt different types of fund types.
 - Stock brokers manage mutual funds.
 - Less risky compared to stocks.
 - Mutual funds give tax savings options.
- Both Statement I and Statement II are correct.
 - Statement II only
 - Statement III only

d) Statements II and III are correct.

29. From the following statements identify the type of Mutual Fund. [U][4]

I) Benefits of other mutual funds are utilized.

II) Investors will get the benefits of different classes of assets.

a) Growth fund b) Index fund

c) Fund of fund d) Sectoral funds

30. From the following identify the objectives of commodity exchanges.

[U][4]

I) Marketplace of different commodities.

II) Venue for buyers and sellers.

III) Diversified portfolios

IV) Quality control and standardization

a) Options I, II, and III

b) Option I, III, and IV

c) Option II, III, and IV

d) All of the given options

31. What is "margin trading" in the Indian context? [U][3]

a) Trading with borrowed funds from a broker

b) Trading in government bonds

c) Trading in mutual funds only

d) Trading in IPOs

32. Assertion : Nifty 50 is a price-weighted index.

Reason R): The weight of a stock in Nifty 50 is determined by its market price alone. [U] [3]

a) Both A and R are true, and R is the correct explanation of A.

b) Both A and R are true, but R is not the correct explanation of A.

c) A is false, but R is true.

d) Both A and R are false.

33. Arrange in correct order, the SCORES Redressal Process Flow

(i) Investor

(ii) Lodge Complaint

(iii) Designated Body to submit Action Taken Report

(iv) SEBI

(v) Entity to Submit Action Taken Report [U, 5]

(a) (i) – (ii) – (iii) – (iv) – (v)

(b) (ii) – (iv) – (v) – (i) – (iii)

(c) (iv) – (v) – (i) – (ii) – (iii)

(d) (i) – (ii) – (v) – (iii) – (iv)

34. Formal document that outlines the conditions of a debenture and specifies the rights of the debenture holders and obligations of the issuing company [U][1]

a) Irredeemable debenture

b) Debenture Deed

c) Promissory Note

d) Redeemable debenture

35. Which intermediary is responsible for verifying the financial health of the issuing company? [U] [2]

a) Merchant Banker b) Registrar to the issue

c) Underwriter d)Credit Rating Agency

36. The Chairman of SEBI is nominated by [U][1]

a) SEBI

b) RBI

c) Central Government

d) Central Government and RBI

37. Why might retail investors be hesitant to participate in book-built issues? [An] [2]
- Uncertainty in final pricing
 - Higher costs involved
 - Limited access to bidding platforms
 - Lack of regulatory approval
38. Analyze the benefit of OFS over IPO for promoters. [An] [2]
- OFS requires more regulatory compliance
 - OFS allows promoters to exit without issuing new shares
 - OFS involves issuing convertible debentures
 - OFS increases the promoter holding
39. Which of the following reflects a limitation of SEBI's grievance redressal mechanism? [U] [1]
- It only covers listed companies and registered intermediaries
 - It resolves all complaints within 24 hours
 - It guarantees refunds for all investor losses
 - It eliminates the need for arbitration entirely
40. Match the following document categories with their descriptions: [U][5]
- | Column A | Column B |
|--------------------------|---|
| (a) KYC Form | (i) Details of services selected |
| (b) Account Opening Form | (ii) Basic information of new investor |
| (c) Mandatory Document | (iii) Uniform Risk Disclosure Documents |
| (d) Voluntary Document | (iv) Power of Attorney |
- a-ii, b-i, c-iii, d-iv
 - a-i, b-ii, c-iii, d-iv
 - a-ii, b-i, c-iv, d-iii
 - a-i, b-ii, c-iv, d-iii
41. When an exporter enters into a Forward Contract to sell foreign currency, it is an example of: [U][4]
- Speculation
 - Hedging
 - Arbitrage
 - Risk enhancement
42. Which of the following statements about Futures Contracts is incorrect? [An] [4]
- Futures contracts have standardized terms and conditions.
 - Futures contracts are traded on exchanges.
 - Margin requirements are fixed for all contracts.
 - Futures can be settled by delivery or cash settlement.
43. Which of the following is the primary difference between Options and Swaps? [U][4]
- Options have daily settlement, Swaps do not.
 - Options involve rights, Swaps involve obligations.
 - Options are customized, Swaps are standardized.
 - Options are customized, Swaps are standardized.
44. What does 'dematerialization' mean in the context of a depository? [U][3]
- Converting securities from electronic to physical form
 - Converting securities from physical to electronic form
 - Buying shares in cash

d) None of the other options

45. Match the SEBI Function with Its Description

Column A (Function)	Column B (Description)
1. Regulation of Stock Exchanges	a. Protects investors from fraudulent activities
2. Prohibition of Market Manipulation	b. Prevents unfair trade practices like front-running
3. Regulation of Mutual Funds	c. Ensures smooth functioning of trading platforms
4. Investor Protection Measures	d. Sets guidelines for fund managers and schemes

[U][1]

a) 1-c, 2-b, 3-d, 4-a b) 1-a, 2-c, 3-d, 4-b c) 1-d, 2-a, 3-c, 4-b d) 1-b, 2-a, 3-d, 4-c

46. The primary motivation of a speculator is: [U][3]

- a) To generate profit from price changes. b) To earn dividends.
c) To achieve long term growth. d) To provide capital for companies.

47. Which of the following are not advisable while doing stock trading? [Ev, 5]

- (i) Make emotional trading decisions (ii) Diversification of Investment
(iii) Follow mass blindly (iv) Conduct research
(a) (i) Only (b) (ii) and (iii)
(c) (ii) and (iv) (d) (i) and (iii)

48. **Assertion (A):** Financial markets help in risk management. [U][1]

Reason (R): They provide instruments like derivatives to hedge against various risks.

- a) Both (A) and (R) are true, and (R) is the correct explanation of (A).
b) Both (A) and (R) are true, but (R) is NOT the correct explanation of (A).
c) (A) is true, but (R) is false. d) (A) is false, but (R) is true

49. A gold mining company, "GoldRush Co.," anticipates producing 10,000 grams of gold in six months. The current spot price of gold is Rs.8,500 per ounce. GoldRush Co. fears that the price of gold may decline before they bring their product to market. They decide to use gold futures contracts to hedge their risk. Each gold futures contract represents 100 grams of gold. The current futures price for gold, expiring in six months, is Rs. 8,600 per ounce. Which of the following strategies best describes how GoldRush Co. should use gold futures contracts to hedge their price risk? [Ev, 5]

- (a) Buy 100 gold futures contracts at Rs. 8,600 per ounce.
(b) Sell 100 gold futures contracts at Rs. 8,600 per ounce.
(c) Buy 50 gold futures contracts at Rs. 8,600 per ounce.
(d) Sell 50 gold futures contracts at Rs. 8,600 per ounce.

(25*2=50)

MAHATMA GANDHI UNIVERSITY
MGU-UGP (HONOURS) 2024 Admission Onwards
Semester 2-Model Question Paper
MG2MDCCOM100- FUNDAMENTALS OF ACCOUNTING

Time: 1hour 30 minutes

Total: 50 marks

Students should attempt at least one question from each course outcome to enhance their overall attainability.

Section A

(Answer any 10 questions in a word, phrase or sentence. Each question carries 1 mark.)

1. Mention any two advantages of accounting. (U, CO1)
2. If A sells goods to B on credit, who is the debtor? (U, CO1)
3. What is Double Entry System? (U, CO1)
4. What do you call the amounts or goods withdrawn by the proprietor for personal use? (U, CO1)
5. What is posting? (U, CO2)
6. What is the treatment of Cash Discount? (U, CO2)
7. What are contra entries? (U, CO2)
8. What do you mean by a debit note? (U, CO2)
9. What are subsidiary books? (U, CO2)
10. Which is the statement prepared to find out the arithmetical accuracy of the books of accounts? (U, CO3)
11. What do you mean by marshalling a balance sheet? (U, CO3)
12. If Sales amount to Rs 3, 00,000 and Gross Profit is 20% on sales, calculate Cost of Goods Sold. (A, CO3) **(10x1=10)**

Section B

(Answer any 4 questions. Each question carries 5 marks)

13. Explain steps involved in accounting process. (U, CO1)
14. Distinguish between trial balance and balance sheet. (U CO3)
15. Show the accounting equation based on following transactions. (U, CO1)

1. Arun started business with cash	2,00,000
2. Purchased goods for cash	80,000
3. Purchased goods on credit	60,000
4. Sold goods for cash	40,000
5. Sold goods on credit	30,000
16. Pass the opening journal entry from the following information on 1.4.2024. (A, CO2)

Cash in hand	20,000
Cash at bank	30,000

[Type text]

Machinery	50,000
Stock of goods	60,000
Debtors	70,000
Bank loan	30,000
Creditors	70,000
Land & building	70,000
Capital	?

17. Prepare Purchase Day book (A, CO 2)

2024

Jan 1	Bought from Y 10 chairs of Rs 120 each less trade discount 10%
Jan 5	Purchased from A and Co 2 tables at Rs 2,400 each
Jan 10	Bought 5 tables @ 2,000 each from Z & Co
Jan 15	Purchased 4 chairs @ Rs 300 each less trade discount 5%

18. Prepare a simple cash book from the following. (A, CO2)

2024

Nov 1	Started with cash	20,000
Nov 5	Cash received from X	10,000
Nov 8	Paid rent	5,000
Nov 10	Purchased goods for cash	3,000
Nov 15	Sold goods for cash	8,000

(4 x 5 = 20)

Section C

(Answer any 2 question. Each question carries 10 marks)

19. Journalise the following transactions in the books of Madhav.(A, CO2)

2024

April 1	Started business with cash	50,000
April 2	Bought furniture from Heera	30,000
April 5	Bought furniture for cash	10,000
April 7	Opened a bank account	15,000
April 10	Cash purchases	20,000
April 15	Sold goods for cash	40,000
April 20	Sold goods to Shankar	15,000
April 22	Paid to Heera	18,000
	Discount received	2,000
April 25	Received from Shankar	9,500
	Discount allowed	500
April 27	Paid salary	5,000
April 28	Paid Rent	3,000
April 29	Purchased stationery	1,000
April 30	Withdraw cash for personal use	2,000

20. Prepare a triple column cash book from the following. (A, CO2, 4)

2024

Nov 1	Cash in hand Rs.50, 000
	Cash at bank Rs.30, 000
Nov 5	Deposited into bank Rs.10, 000
Nov 8	Drew from bank Rs.20000
Nov 10	Drew from bank for personal use Rs.5, 000
Nov 15	Paid to Vijay, a creditor Rs.8, 000
	Discount received Rs.500
Nov 20	Received from Vinayak Rs.18, 000
	Discount allowed Rs.2, 000

21. Following is the trial balance of R as on 31.3.2024 (A, CO3, 4)

TRIAL BALANCE

	Debit	Credit
Capital		1,50,000
Opening stock	34,000	
Wages	16,000	
Salaries	15,000	
Purchases	1,80,000	
Rent	20,000	
Sales		3,20,000
Interest received		12,000
Discount received		3,000
Drawings	20,000	
Advertisement	5,000	
Cash in hand	25,000	
Cash at bank	60,000	
Sundry debtors	80,000	
Furniture	70,000	
Sundry Creditors		40,000
Total	5,25,000	5,25,000

The stock on 31st March 2024 is valued at Rs.88, 000.

You are required to prepare the trading and profit and loss account and balance sheet as on 31.3.2024. Comment on the profitability.

(2x10=20)