

QUESTION BANK

B.Com(H)

SEMESTER 1

FOR PRIVATE CIRCULATION

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QUESTION BANK

INCOME TAX LAW & PRACTICES

B.COM - 301

UNIT - I

I MULTIPLE CHOICE QUESTIONS:

1. Income tax is collected on all types of income except_____.
A. Agricultural Income
B. Industrial Income
C. Capital Gain
D. Household Property
ANS: A

2. The Income Tax Act came into force from _____ .
A. 1st March 1971
B. 1st April 1971
C. 1st March 1961
D. 1st April 1961
ANS: D

3. The Income Tax Act came into force all over India except _____ .
A. Andaman & Nicobar
B. Maldives
C. Jammu & Kashmir
D. None of the above
ANS: D

4. As per Income Tax Act, 1961, income tax is charged on the income of _____ at a rate which are prescribed by the Finance Act of relevant assessment year.
A. Current year
B. One year before previous year
C. Previous year
D. None of the above
E. ANS: C

5. The tax payer liability is determined with reference to his or her _____ .
A. Financial Status
B. Residential Status
C. All of the above
D. None of the above
ANS: B

6. As per the definition of Income, the income includes the following _____ .
A. Profits and gains
B. Dividend declared
C. Voluntary contribution received by a trust created
D. All of the above
ANS: D

7. The period of 12 months commencing on the first day of April every year and ending on 31st March is called as .
- A. Previous Year
 - B. Assessment year
 - C. Accounting Year
 - D. Financial Year
- ANS: B

8. Previous year means the financial year immediately preceding the .
- A. Accounting Year
 - B. Assessment Year
 - C. All of the above
 - D. None of the above
- ANS: B

9. Agricultural income is completely exempted for assessment year .
- A. 1974-75
 - B. 1985-86
 - C. 1975-76
 - D. 1978-79
- ANS: A

10. The income from foreign companies by providing the services in project connected with security of India is _____ from tax liability.
- A. 50% exempted
 - B. 20% exempted
 - C. 100% exempted
 - D. 55% exempted
- ANS: C

11. An individual is said to be resident in India if .
- A. It is in India in the previous year for a period of 182 days or more
 - B. It is in India for period of 60 days or more during the previous and 365 days or more during the four years immediately proceeding previous year
 - C. All of the above
 - D. None of the above
- ANS: C

12. The HUF is said to be resident in India if .
- A. The control and management of its affairs is wholly or partly situated in India
 - B. The control and management of its affairs is partially situated out of India
 - C. The control and management of its affairs is wholly or partly in out of India
 - D. None of the above
- ANS: A

13. The awards and rewards are exempted from Income Tax if .
A. Payment is in cash
B. Payment is in kind
C. Payment is in cash or in kind
D. None of the above
ANS: C
14. Income received in India whether occurred in India or outside India, the tax incidence in case of resident is .
A. Taxable as per slabs
B. Exempted from tax
C. Partly exempted
D. None of the above
ANS: A
15. Income received in India whether occurred in India or outside India, the tax incidence in case of resident but not ordinarily resident is .
A. Taxable as per slabs
B. Exempted from tax
C. Partly exempted
ANS: A
16. Income received in India whether occurred in India or outside India, the tax incidence in case of non-resident is .
A. Taxable as per slabs
B. Exempted from slab
C. Partly exempted
D. None of the above
ANS: A
17. Income deemed to be received in India whether occurred in India or outside India, the tax incidence in case of resident is .
A. Taxable as per slabs
B. Exempted from slab
C. Partly exempted
D. None of the above
ANS: A
18. The income received and accrued outside India from a business controlled or profession set up in India, the tax incidence in case of resident is .
A. Taxable
B. Non-taxable
C. Partly taxable
D. None of the above
ANS: A

19. The income received and accrued outside India from a business controlled or profession set up in India, the tax incidence in case of non-resident is .
- A. Taxable
 - B. Non-taxable
 - C. Partly taxable
 - D. None of the above
- ANS: B
20. The tax incidence for company or firm in which income received in India and company is resident is .
- A. Taxable
 - B. Non-taxable
 - C. Partly taxable
 - D. None of the above
- ANS: A
21. The tax incidence for company or firm in which income received in India and company for non-resident is .
- A. Taxable
 - B. Non-taxable
 - C. Partly taxable
 - D. None of the above
- ANS: A
22. The tax incidence for company or firm in which income received outside India from a source controlled from India for resident is .
- A. Taxable
 - B. Non-taxable
 - C. Partly taxable
 - D. None of the above
- ANS: A
23. The tax incidence for company or firm in which income received outside India from a source controlled from India for non-resident is .
- A. Non-taxable
 - B. Taxable
 - C. Partly taxable
 - D. None of the above
- ANS: A
24. _____ is exempted from income tax.
- A. Interest from Indian company
 - B. Dividend from foreign company
 - C. (a) Cooperative dividend
 - D. (d) Dividend from Indian company
- ANS: D

II SHORT ANSWER TYPE QUESTIONS:

1. Who is an Assessee?
2. What is previous year and assessment year?
3. Who is Person?
4. What is Agricultural Income?
5. Write a short note on Income Tax Act 1961.
6. What is Tax?
7. Why are taxes levied?
8. What Is the Difference Between Gross Total Income and Total Income?
9. Can A Partnership Firm Or HUF Claim Rebate Under Section 87A?
10. How to Round Off the Tax Liability?
11. Can one claim deduction for personal and household expenditure while calculating taxable income or profit?
12. Can A Non-resident Claim Rebate Under Section 87a?
13. How can I know whether a company is resident or non-resident?
14. How is resident/ non-resident status relevant for levy of income tax?
15. I am an Indian scientist, who had gone abroad on a government project. Should my return of income include income earned/received abroad?

III LONG ANSWER TYPE QUESTIONS:

1. Mr. X has a business income of Rs 3, 00,000 and agricultural income of Rs 4, 00,000. These figures relate to the Assessment year 2019-20. How will his tax liability be computed?
2. If any industrial organization grows crops and sells half of the produce as raw material in the market and remaining (further processed) as finished goods, what will be the tax treatment?
3. Mr. Arnav had sold an agricultural land in a rural area, which is outside jurisdiction of the Municipal Authority. Whether the sales proceeds are exempt or taxable?
4. What is partly agricultural income? Give examples of it with taxable rules.
5. What are the different categories of assesses according to their residential status? how the tax Liability of different categories of assessee be determined?
6. How will you decide the question of residence of an individual and a Hindu undivided family? Explain fully
7. Give ten instances of income completely exempt from tax giving a brief account of the conditions, if any, to be fulfilled, in respect of each to be eligible for the exemption
8. Enumerate with reference to section 10 of the Income-tax Act, 1961, & Explain types of income which is totally exempt from tax?
9. What Is Marginal Relief and How It Is Computed?
10. How to Compute the Total Tax Liability?
11. Under How Many Heads the Income of a Taxpayer Is Classified?
12. What Is Surcharge and How It Is Computed?
13. As an agriculturist, am I required to maintain any proof of earning and expenditure incurred?
14. I win a lottery or prize money in a competition. Am I required to pay taxes on it?

UNIT - II

I MULTIPLE CHOICE QUESTIONS:

1. Which section of the Income Tax Act exempted incomes have been mentioned?

- A. Section 80C
- B. Section 80DD
- C. Section 10
- D. Section 2

ANS: A

2. _____ of Income Tax Act is related to residential status.

- A. Section 2
- B. Section
- C. Section 5
- D. Section 4

ANS: A

3. Resident of India includes _____.

- A. Ordinarily resident
- B. Not ordinarily resident
- C. NRI
- D. Both (a) and (b)

ANS: D

4. The Company may have the residential status as _____.

- A. Resident or Non-resident
- B. Not ordinarily resident
- C. Non-resident
- D. Resident

ANS: A

5. The meaning of exempted income is _____.

- A. Not included in total income
- B. Agricultural income
- C. Not taxable under income tax
- D. All of the above

ANS: A

6. The number of income source for a person are _____.

- A. One head
- B. Two heads
- C. Various heads
- D. Any of the above

ANS: D

7. The sum of various heads is called as .
A. Taxable income
B. Total income
C. Gross total income
D. Adjusted income
ANS: C
8. The agricultural income includes .
A. Income from sale of crop
B. Income from preparation of crop
C. Income from nursery
D. All of the above
ANS: D
9. _____ comes under agricultural income.
A. Tea garden
B. Commodity farming
C. All of the above
D. None of the above
ANS: A
10. The Income Tax Act, 1961 broadly covers .
A. Basic charging income
B. Rebates and reliefs
C. Incomes exempted from income tax
D. All of the above
ANS: D
11. The capital gain is chargeable under of Income Tax Act.
A. Section 45
B. Section 55
C. Section 56
D. Section 40
ANS: C
12. The definition of the person includes .
A. An individual
B. A company
C. A Hindu undivided family
D. All of the above
ANS: D
13. Any rent or revenue derived from land which is situated in India and is used for agricultural purpose is .
A. Partially taxable
B. Fully taxable

- C. (c) Exempted from tax
- D. (d)None of the above

ANS: C

14. Residential Status of an assessee can be _____ .
- A. Different for different previous year in the same assessment year
 - B. Different for different assessment year
 - C. None of the above
 - D. All of the above

ANS: B

15. The income of previous year is chargeable to tax in the _____ .
- A. Immediately succeeding assessment year
 - B. Same previous year
 - C. Immediately preceding academic year
 - D. None of the above

ANS: A

16. The interest on loan paid by the Government of India to a non-resident outside India is _____ in India.
- A. Not taxable
 - B. Partially taxable
 - C. (c) Taxable
 - D. (d)Can't say

ANS: A

17. An individual is resident and ordinarily resident of India if _____ .
- A. Person had been resident in India at least 2 out of 10 previous years immediately preceding the relevant previous year
 - B. Person been in India for a period of 730 days or more during 7 years immediately preceding the relevant previous year
 - C. All of the above
 - D. None of the above

ANS: C

18. The Resident HUF is ordinarily resident in India, if _____
- A. He has been resident in India at least 2 years out of 10 previous years immediately
 - B. He has been resident in India at least 3 years out of 10 previous years immediately
 - C. He has been resident in India at least 2 years out of 5 previous years immediately
 - D. None of the above

ANS: A

19. Basic condition will be for a person who leaves India for employment _____
- A. At least 182 days in India
 - B. At least 60 days in previous year and 365 days in preceding 4 years
 - C. At least 730 days in preceding 7 years

D. All of the above

ANS: A

20. Which of the following is not included in the term Income under the Income Tax Act, 1961?

A. Reimbursement of travelling expenses

B. Profits and gains of business or profession

C. Dividend

D. Profit in lieu of salary

ANS: D

II SHORT ANSWER TYPE QUESTIONS:

1. Under what circumstances an assessee will be considered "non-resident" for income-tax purposes and on what income he will be liable to be assessed?
2. In what way does the liability of tax of a "not ordinarily resident" person differ from that of a "resident" person under the Income-tax Act?
3. How will you decide the question of residence of an individual and a Hindu undivided family? Explain fully.
4. Assessee have been divided into three categories on the basis of their residential status. Explain how these categories?
5. Write short notes on the Income received in India?
6. What do you mean by Income deemed to accrue or arise in India?
7. Explain Control and management of a business and their taxability?
8. Write a short note on Resident but a not ordinarily resident individual.
9. How do you compute Income from house property?
10. Are all receipts considered as income?
11. What are revenue and capital receipts?
12. Is income tax levied on gifts received by a person?
13. I own shares of various Indian companies and receive dividends. Is it taxable?
14. I am a religious preacher and earn money from preaching. Do I have to pay tax and file return?

III LONG ANSWER TYPE QUESTIONS:

1. The dividend is declared and paid outside India. Discuss the tax liability on the transaction according to Indian income-tax on these dividends?
2. "The Income-tax Act gives absolute exemptions in respect of certain income, while some income is included in the total income for determining the rate only". Discuss.
3. Under what circumstances an assessee will be considered "non-resident" for income-tax purposes and on what income he will be liable to be assessed ?
4. The incidence of income-tax depends upon the residential status of an assessee". Discuss fully.
5. The dividend is declared and paid outside India. Discuss the tax liability on the transaction according to Indian income-tax on these dividends?
6. Discuss the criteria to decide the assessee Residential Status in Case of Company and HUF?
7. In what way does the liability of tax of a "not ordinarily resident" person differ from that

of a "resident" person under the Income-tax Act?

8. X and Y are brothers and they earn the following incomes during the pervious year. X settled in America in the year 1985 and Y settled in Mumbai. X visits India for 20 days every year, Y also visits America every year for a month, Compute their total income for the assessment year 2019-20 from the following information –

	X Rs.	Y Rs.
Interest on American development bonds, 50 per cent of interest received in India	46,000	18,000
Dividend for a Japanese company received in America	10,000	15,000
Profit on sale of shares of on Indian company received in India	45,000	75,000
Profit from a business in Mumbai, but managed directly from America	10,000	-
Income from a business in Mumbai	32,000	28,000
Fees for technical services rendered in America and received in America. The services were, however, utilized in India	1,50,000	-
Interest on savings bank deposit in State Bank of India, Mumbai	4,500	12,000
Rent received in respect of house property at Mumbai	96,000	55,000
Life insurance premium paid	-	25,000

9. A government decides to raise personal income tax rates. Using diagrams, explain one possible demand-side consequence and one possible supply side consequence of this decision.
10. Can I claim deduction for my personal and household expenditure in calculating my income or profit?
11. Most of my income is given away in charity and I am left with just enough to meet my personal requirement. What will be considered as my income?
12. My daughter stays in USA. She owns a house in India and has let it out. She has asked tenants to pay rent to me so that I can a lead decent life. She has not received any rent. Is she still liable to tax? What if she transfers the house to me?
13. Children living abroad send me Rs.20000/- per month for my maintenance. Would this be considered as my income?

UNIT III

I MULTIPLE CHOICE QUESTIONS:

1. R, a chartered accountant is employed with R Ltd., as an internal auditor and requests the employer to call the remuneration as internal audit fee. R shall be chargeable to tax for such fee under the head.
- A. Income from salaries
- B. Profit and gains from Business and Profession
- C. Income from other sources.

ANS: A

2. A is entitled to children education allowance @ Rs. 80 p.m. per child for 3 children amounting Rs. 240 p.m. It will be exempt to the extent of :
- A. Rs.200 p.m.
 - B. Rs.160 p.m.
 - C. Rs. 240 p.m.
- ANS: A
3. A has two house properties. Both are self-occupied. The annual value of
- D. Both house shall be nil
 - E. One house shall be nil
 - F. No house shall be nil
- ANS: B
4. An assessee has borrowed money for purchase of a house & Interest is payable outside India.
- A. Such interest shall:
 - B. Be allowed as deduction
 - C. Not to be allowed on deduction
 - D. Be allowed as deduction if the tax is deducted at source
- ANS: C
5. Salary, bonus, commission or remuneration due to or received by a working partner from the firm is taxable under the head.
- A. Income from salaries
 - B. Other sources
 - C. PGBP
- ANS: C
6. Perquisite received by the assessee during the course of carrying on his business or profession is taxable under the head.
- A. Salary
 - B. Other sources
 - C. PGBP
- ANS C
7. Interest on capital or loan received by a partner from a firm is:
- A. Exempt U/S 10(2A)
 - B. Taxable U/H business and profession
 - C. Taxable U/H income from other sources
- ANS B
8. Under the head Business or Profession, the method of accounting which an assessee can follow shall be:
- A. Mercantile system only
 - B. Cash system only
 - C. Mercantile or cash system only

D. Hybrid system

ANS: C

9. Expenditure incurred on family planning amongst the employees is allowed to

A. Any assessee

B. A company assessee

C. An assessee which is a company or cooperative society

ANS: B

10. Gain arising from the disposal of _____ is taxable under the head capital gains.

A. Depreciable asset

B. Eligible depreciable asset

C. Securities

D. All of the above

ANS: C

11. _____ are capital assets.

A. Stock in trade

B. Sculpture

C. Immovable property

D. Both b and c

ANS: D

12. A person who derives his income by dealing in shares of private, unlisted and public limited companies are covered under the head.

A. Income from business

B. Income from other sources

C. Capital gains or

D. All of the above

ANS: C

13. Bonus shares are issued by a company to its _____ without receiving any amount from them.

A. Employees

B. Customer

C. Shareholders

D. All of the above

ANS: C

14. Income from shares of a public company set up in any special Industrial zone is exempt up to----- years from the date of commencement of commercial production.

A. Three

B. Four

C. Five

D. None of the above

ANS: D

15. Gain from sale of shares of Private Limited companies is taxable under section_____.
- A. 37
 - B. 37A
 - C. Not taxable
 - D. None of (a) to (c)
- ANS: A
16. Bonus shares are the shares issued by a company_____.
- A. Free of cost
 - B. Issued at concessional rate
 - C. On credit
 - D. None of the above
- ANS: A
17. A company in which at least 50% of the shares are held by a foreign government is _____.
- A. Private company
 - B. Public company
 - C. Foreign company
 - D. All of the above
- ANS: B
18. Any incidental expenditure on disposal of capital assets shall form part of _____.
- A. Cost of assets
 - B. Disposal consideration
 - C. Selling cost
 - D. None of a to c
- ANS: A
19. Capital loss u/s 37 is allowed as deduction for those assets the gain of which is_____.
- A. Chargeable to tax
 - B. Exempt from tax
 - C. Both of these
 - D. None of (a) to (c)
- ANS: A
20. At the time of devolution _____ would be the cost of the asset.
- A. FMV
 - B. Historical cost
 - C. higher of a and b
- ANS: A

21. Capital gain tax shall not be chargeable on disposal of securities which are held for a period of _____.
- A. one year
 - B. two years
 - C. three years
 - D. six months
 - E. forty-eight months
- ANS: A

22. 'Derivatives' is a general term for financial assets that are "derived" from other _____.
- A. fixed assets
 - B. current assets
 - C. financial assets
 - D. income
- ANS: C

23. Gain on disposal of immovable property is chargeable to at _____%, where holding period is up to one year.
- A. 10
 - B. 2
 - C. 6
 - D. 12
- ANS: A

24. A loss on the sale of jewellery is _____ under the head capital gain.
- A. recognized
 - B. not recognized
 - C. taxable
 - D. none of above
- ANS: B

II SHORT ANSWER TYPE QUESTIONS:

- 1 How do you compute Income from house property?
- 2 Define Capital Assets?
- 3 How will you calculate House Rent Allowance (HRA)?
- 4 What is not considered as transfer of Capital Asset?
- 5 What are the deductions available under section 24 of Income Tax act?
- 6 Explain the differences between long term capital gain and short-term capital gain.
- 7 Write any five items under section 80 C of Income Tax Act, 1961.
- 8 Explain the terms "Direct and Indirect taxes"
- 9 What is surcharge?
- 10 What are the types of Provident funds?
- 11 What is Total income?
- 12 What is Return of income?

- 13 How many heads are there under total income? Name them.
- 14 At what rate firms are required to pay tax on their income?
- 15 What is the Securities Transaction Tax?
- 16 Define Amortization & Impairment?
- 17 What do you understand by transfer income?

III LONG ANSWER TYPE QUESTIONS:

- 1 Write a note on computation of income in case of a house property which is in business or profession of the assessee. ?
- 2 What is capital gain? Explain long term capital gains and how is it different from short term capital gains?
- 3 What are the deductions under Salary Head? Name the items.?
- 4 Write a note on computation of annual value, in case of
 - a) A house which is partly let out and partly vacant or
 - b) A house vacant throughout the year
- 5 Ownership is the criterion for assessment of income from property u/s 22. However, there are instances in which the income from property is assessable in the hands of an assessee, who is not the legal owner thereof. Enumerate these cases?
- 6 How is advance salary taxed in the hands of an employee? Is the tax treatment same for loan or advance against salary.
- 7 Mr. X, a citizen of India, received salary from the Government of India for the service rendered outside India. Is the salary income chargeable to tax ?
- 8 Define Capital Assets? What is not considered as transfer of Capital Asset?
- 9 What is the difference between profit and gain, give examples also?
- 10 What items fall under the category of 'securities'?
- 11 What do you mean by fair rent, standard Rent ?
- 12 What is Entertainment Tax? Is there any Exemption related to Entertainment Tax?
- 13 What are the types of Provident funds? What are the tax implications of different types of Provident Fund?
- 14 What are allowable and dis-allowable expenditure?
- 15 Mr. Mugal joined Star Ltd. on 1/4/2011. Details regarding his salary are as follows:

<u>Particulars</u>	<u>Amount</u>
Basic	5,000 p.m.
Dearness Allowance	2,000 p.m. (50% considered for retirement benefit)
Education Allowance	1,000 p.m. (he has 1 son and 3 daughters)
Hostel Allowance	2,000 p.m. (none of the children is sent to hostel)
Medical Allowance	1,000 p.m. (total medical expenditure incurred Rs. 3000)
Transport Allowance	1,000 p.m. (amount being used for office to residence & vice versa)
Servant Allowance	1,000 p.m.
City compensatory Allowance	2,000 p.m.
Entertainment Allowance	1,000 p.m.

Assistants Allowance (i.e. Helper Allowance) 3,000 p.m. (paid to assistant Rs. 2000 p.m.)
 Profession Development Allowance 2,000 p.m. (actual expenses for the purpose Rs. 8000 p.m.)
 (i.e. Academic Allowance)
 Bonus 24,000 p.a.
 Commission 9,000 p.a.
 Fees 5,000 p.a.
 Compute his gross taxable salary for the assessment year 2019-20.

- 16 Miss Sonal, being a citizen of India and Government employee has following salary details:

Dearness Allowance	3,000 p.m. (forming pan of salary)
Dearness Pay	1 ,000 p.m. (forming part of salary)
Fees	50,000 p.a.
House Rent Allowance	5,000 p.m. (Rent paid for Kolkata house Rs. 4,000 p.m.)
Children Education allowance	3,000 p.m. (She is having one adopted child)
Children allowance	1 ,000 p.m.
Hostel allowance	2,000 p.m.
Dress Allowance	5,000 p.m. (Actual expenditure Rs. 10,000 p.m.)
Uniform Allowance	2,000 p.m. (Actual expenditure Rs. 1 ,000 p.m.)
Tiffin Allowance	1000 p.m.

Education Allowance for her own education 1,500 p.m. (Actual expenditure Rs. 1 ,500 p.m.)
 Compute her gross salary for the assessment year 2019-20.

17. R is employed on part time basis with two companies i.e. X Company Ltd. and Y Company Ltd. The particulars of his income for the previous year 2018-19 are as under:

<u>Particulars</u>	<u>Company X</u>	<u>Company Y</u>
Basic Salary	32,000	13,000
Education allowance for one child		1 ,800
Reimbursement of electricity bills	2,000	
Medical allowance		2,400
Employer's contribution to Recognized Provident Fund	1 ,800	1,500
Value of rent free accommodation taken by the employer on rent	3000	

UNIT IV

I MULTIPLE CHOICE QUESTIONS:

1. Maximum limit for the deduction of Life insurance premia from the gross total income is _____.
 - A. Rs. 2,00,000
 - B. Rs 1,50,000
 - C. R s 1,00,000
 - D. Rs 1,25,000ANS: B

2. The deduction of life insurance premia, contribution to provident fund, etc. will is done under _____ of Income Tax Act, 1961.
 - A. Section 80C
 - B. Section 80U
 - C. Section 80D
 - D. Section 80EANS: A

3. Gross Total Income is arrived after _____.
 - A. Only adding Income under five heads of Income
 - B. Adding Income under five heads of Income excluding losses
 - C. Adding Income under five heads of Income, after applying clubbing provisions and making adjustment of set off and carry forward of losses
 - D. Adding Income under five heads of Income, after applying clubbing provisions and making adjustment of set off and carry forward of losses and after allowing deduction under sections 80C to 80UANS: C

4. In Income Tax Act, 1961, deduction under sections 80C to 80U cannot exceed _____.
 - A. Gross total income
 - B. Total income
 - C. Income from business or profession
 - D. Income from house propertyANS: A

5. The maximum aggregate amount of deduction under sections 80C, 80CCC and 80CCD cannot exceed _____.
 - A. Rs 1,10,000
 - B. Rs 2,00,000
 - C. Rs 1,50,000
 - D. Nil

ANS: C

6. Deduction in respect of contribution to political party will .
- A. Be allowed in respect of sum paid by way of cash
 - B. Not be allowed if payment made in cash
 - C. This type of deduction is not allowed whether payment is in cash or not
 - D. Be allowed if payment made in cash, subject to certain conditions

ANS: B

7. Maximum amount of deduction in case of a person with severe disability under section 80U will be_____.
- A. 50,000
 - B. 75,000
 - C. 80,000
 - D. 1,00,000

ANS: A

8. Government's contribution to the new pension scheme referred to in Section 80CCD is
- A. An exempt income
 - B. Income chargeable to tax as salaries in full
 - C. 50% thereof is income chargeable to tax as Salaries
 - D. Income chargeable to tax as income from other sources in full

ANS: B

9. In case of a hospital built in specified area after 31.3.2008 fulfilling the required conditions laid down in Section 80IB-(11C), the profits and gains derived from running the hospital are
- A. Deductible in full
 - B. Deduction up to 50%
 - C. Taxable in full
 - D. Deductible up to 75%

ANS: D

10. Deduction in respect of contribution to pension scheme of central government comes under _____of Income Tax Act, 1961.
- A. Section 80CCD
 - B. Section 80U
 - C. Section 80EE
 - D. Section 80G

ANS: A

11. In case of assessees other than companies, the following is advance tax rate to be payable on or before of 15th September:
- A. 45%
 - B. 30%
 - C. 15%
 - D. 10%
- ANS: B
12. For the purposes of computing minimum alternate tax under Section 115B(a) of the Income Tax Act, 1961, the book profit need not to be increased by inter alia, the amount of deferred tax debited to the profit and loss account.
- A. True
 - B. False
 - C. Can't say
- ANS: B
13. Deduction under Section 80C can be claimed for fixed deposit made in any scheduled bank, if the minimum period of deposit is .
- D. 10 Years
 - E. 5 Years
 - F. 12 Years
 - G. 8 Years
- ANS: C
14. Which of the following is covered under section 80D of the Income Tax Act, 1961?
- A. Medical treatment of handicapped dependent
 - B. Medical insurance premium
 - C. Reimbursement of medical expenses
 - D. Repayment of loan taken for higher education
- ANS: B
15. The deduction available under section 80QQB in respect of royalty income of authors shall not exceed _____ in previous year.
- A. 1,50,000
 - B. 2,50,000
 - C. 3,00,000
 - D. 1,00,000
- ANS: B
16. For the purpose of deduction under section 80DD, which of the following statements is/are true?
- A. Assessee is either and individual or a HUF
 - B. Assessee is resident of India
 - C. Assessee has a dependent disable relative
 - D. All of the above
- ANS: C

17. The maximum deduction one can claim under section 80D is .
A. 30,000
B. 50,000
C. 40,000
D. 60,000
ANS: D
18. Amount of deduction in case of a person with severe disability under section 80U will be _____ .
A. (a) 75,000
B. (b) 85,000
C. (c) 1,50,000
D. (d) 1,25,000
ANS: D
19. Aggregate amount of deduction under 80C, 80CCC and 80CCD cannot exceed _____..
A. 1,10,000
B. 1,20,000
C. 1,30,000
D. 1,50,000
ANS: D
20. In the case of every senior citizen resident in India, tax rebate under section 87A is _____.
A. 5,000
B. 2,000
C. 1,000
D. Nil
ANS: D
21. The provisions regarding TDS on Salaries are contained in .
A. Section 190
B. Section 191
C. Section 192
D. Section 193
ANS: C
22. If the payee does not furnish PAN and TDS under section 194, dividends shall be made @ _____ .
A. (a) 20%
B. (b) 15%
C. (c) 10%
D. (d) Nil
ANS: A

23. Deduction of tax at source for insurance commission is @ _____.
- A. 10%
 - B. 15%
 - C. 20%
 - D. 12%
- ANS: A

II SHORT ANSWER TYPE QUESTIONS:

- 1 Discuss the provision of Income Tax Act, 1961 regarding set off of various losses?
- 2 What are the provision regarding set-off of the Long-term capital losses?
- 3 What are the provision regarding set-off of the Speculation losses?
- 4 Explain the provision of Income Tax Act regarding set-off and carry forward of Loss from house property?
- 5 Explain the provision of Income Tax Act regarding set-off and carry forward of the Business losses?
- 6 What are the rules regarding set-off and carry-forward of Short-Term capital losses?
- 7 What is TDS Certificate?
- 8 What is TDS?
- 9 When TDS should be deducted?
- 10 How much tax should be deducted from salary?
- 11 What is the minimum salary one should have for TDS to be deducted by the employer?
- 12 What are rates of TDS?
- 13 How to calculate TDS?
- 14 What are the due dates for TDS?
- 15 Which are the different forms prescribed for TDS Return?
- 16 How to apply for TDS refund?
- 17 What are TDS rules?
- 18 What is Advance Tax?
- 19 How to Calculate & Pay Advance Tax?
- 20 Who should pay Advance Tax?

III LONG ANSWER TYPE QUESTIONS:

1. Explain the provision of Income Tax, 1961 regarding set off and carry forward and set off a capital loss.
2. Explain the provision of Income Tax for the set off and carry forward of “speculative business losses”?
3. What are penalty provisions for non-deduction of TDS?
4. Which are the different forms prescribed for TDS Return?
5. What is Advance Tax? How to Calculate & Pay Advance Tax?
6. Who should pay Advance Tax? Due Dates for payment of Advance Tax?
7. Discuss the previsions regarding set-off and carry forward and set-off of business losses.

8. What are the rules regarding set-off and carry-forward of capital losses?
9. What is TDS? What is TDS Certificate? When TDS should be deducted?
10. Explain the provisions of TDS for salary and interest on securities.
11. Can a return submitted by the assessee be revised? If so, what are the circumstances under which it can be revised?
12. Explain the provision of Income Tax Act regarding set-off and carry forward of the following losses: Business losses, Short-term and long-term capital losses
13. Explain the provision of Income Tax Act regarding set-off and carry forward of the Loss from house property?
14. Explain the provision of Income Tax Act regarding set-off and carry forward of the:Loss from Gambling losses (Speculation Losses). ?
15. Can the payee request the payer not to deduct tax at source and to pay the amount without deduction of tax at source?
16. Explain the provisions of TDS for salary and interest on securities.
17. Can a return submitted by the assessee be revised? If so, what are the circumstances under which it can be revised.

18. Compute gross total income of Mr. X in following cases for the AY 2019-20:

Income from house property (A)	30,000
Income from house property (B)	(10,000)
Speculation income	80,000
Business income	(30,000)
•Income from activity of owning and maintaining race-horses business (A)	(50,000)
Income from activity of owning and maintaining race-horses business (B)	20,000
Income from agricultural business	(25,000)
Short term capital gain (transaction A)	30,000
Short term capital gain (transaction B)	(10,000)
Long tenn capital gain (transaction A)	(30,000)
Long term capital gain (transaction B)	10,000
Income from lottery	40,000
Income from horse races.	10000
Income on card games	(5,000)
Interest on securities	20,000

QUESTION BANK

ENTREPRENEURSHIP DEVELOPMENT-BCOM(H) 303

B.COM(H) - V

QUESTION BANK
ENTREPRENEURSHIP DEVELOPMENT-BCOM(H) 303
B.COM(H) - V

UNIT – I

I MULTIPLE CHOICE QUESTIONS:

1. Which of these statements best describes the context for entrepreneurship?
 - A. Entrepreneurship takes place in small businesses.
 - B. Entrepreneurship takes place in large businesses.
 - C. Entrepreneurship takes place in a wide variety of contexts.
 - D. Entrepreneurship does not take place in social enterprises.ANS: C

2. Which statement is not true of entrepreneurs?
 - A. They change the way businesses convert inputs into outputs
 - B. They generally stick to the processes already in use.
 - C. They take risks
 - D. They apply innovative ideasANS: B

3. Why is the notion of 'vision' important in entrepreneurship?
 - A. Without it there is no driving force or sense of direction.
 - B. People need a sense of fantasy in order to create ambitious ventures.
 - C. Investors prefer to invest in visionaries.
 - D. Having a vision helps to create a paradigm shift.ANS: A

4. Innovative entrepreneur ensures:
 - A. Static equilibrium
 - B. Dynamic equilibrium
 - C. Static disequilibrium
 - D. Dynamic disequilibriumANS: B

5. The book “Innovation and Entrepreneurship” is written by:
 - A. J.B. Say
 - B. J.A. Schumpeter
 - C. Peter F. Drucker
 - D. Cantillon

ANS: B

6. Which one of the following theory has the attribute of moderate risk taking as a function of skill, not chance?
- A. Need for independence
 - B. Need for achievement
 - C. Need for affiliation
 - D. Need for authority

ANS: B

7. An entrepreneur considering if what they are doing makes sense is an example of:
- A. A strategic question
 - B. A connection task
 - C. A reflection task
 - D. A comprehension question

ANS: C

8. Entrepreneurial Opportunities are defined as:
- A. situations in which new goods, services, raw materials and organizing methods can be sold at greater than their production cost.
 - B. new market entry through entrepreneur action.
 - C. the entrepreneur's mental processes in deciding whether or not to act on a potential opportunity.
 - D. a feasibility assessment.

ANS: D

9. All but which of the following is considered to be a myth associated with entrepreneurship?
- A. Successful entrepreneurs are born not made
 - B. First ventures are always successful
 - C. All entrepreneurs must willingly invest significant sums of money
 - D. Successful entrepreneurs must have a break-through invention

ANS: B

10. Entrepreneurial culture and growth orientation consists of all of the following except:
- A. Encouraging employees to generate ideas
 - B. Focusing on opportunities.
 - C. The desire to grow at a slow and controlled pace.
 - D. Being creative.

ANS: C

11. All these are characteristics of an entrepreneurial environment except:
- A. There is short term horizon.
 - B. New ideas are encouraged.
 - C. The organization operates on frontiers of technology.
 - D. It uses a multidiscipline teamwork approach.
- ANS: A
12. Which of the following is true about corporate entrepreneurship (Intrapreneurship)?
- A. Equity in a new venture should not be used as a reward due to its uncertain value
 - B. company must be willing to invest money without a guarantee of a return in the short term
 - C. Teams should be segmented by department
 - D. Top management should not be involved in the process.
- ANS: B
13. Intrapreneurship often takes the form of
- A. A semi-autonomous group (e.g. an internal venture team), operating within the overarching structure of the parent organization.
 - B. A spinout venture from a university to commercial a new invention.
 - C. A subsidiary of a large corporation developing a new product.
 - D. A semi-autonomous group operating outside the overarching structure of the parent organization.
- ANS: A
14. Intrapreneurship is best described as:
- A. The hiring of former Entrepreneurs.
 - B. Entrepreneurial action within an organization.
 - C. The process of buying acquiring entrepreneurial firms.
 - D. The process of hiring consultants to teach a firm how to be more creative.
- ANS: B.
15. In regards to the differences between the entrepreneurial and administrative focuses which of the following is correct?
- A. Entrepreneurs focus on slow steady growth and managers' focus on rapid growth
 - B. Entrepreneurs rent or sporadically use resources; managers like to own resources
 - C. Entrepreneurs are driven by controlled resources; managers by opportunity
 - D. Entrepreneurs tend to use a hierarchical management structure; managers use a more fluid, flat approach
- ANS: B

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- A. Encouraging employees to generate ideas.
 - B. Focusing on opportunities.
 - C. The desire to grow at a slow and controlled pace.
 - D. Being creative.
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 - B. A company must be willing to invest money without a guarantee of a return in the short term
 - C. Teams should be segmented by department
 - D. Top management should not be involved in the process.
- ANS: C
19. Which of the following is alternatively called corporate venturing?
- A. Entrepreneurship
 - B. Intrapreneurship
 - C. Act of stating a new venture
 - D. Offering new products by an existing company
- ANS: B
20. Individuals influencing an entrepreneur's career choice and style are known as which of the following?
- A. Moral-support network
 - B. Role model
 - C. Professional support network
 - D. Support system
- ANS: B
21. The activity which occurs when the new venture is started is called:
- A. Motivation
 - B. Business skills
 - C. Departure point

D. Goal orientation

ANS: B

22. Of the following, which is best identified when a business with an established name and product is sold to additional owners along with the rights to distribute product?

A. Intrapreneurship

B. Trade-off

C. Entrepreneurship

D. Franchise

ANS: D

23. Management tactics purported to maximize innovation for an entrepreneurship include all but which of the following items?

A. Cutting of losses

B. Culture

C. Benchmarking

D. Customer orientation

ANS: C

24. In franchising, the entrepreneur assumes fewer risks because the franchise provides all but which one of the following?

A. Established market for the product

B. Management assistance in operating the business

C. Economies of scale for purchasing

D. Over-sale of rights

ANS: D

25. Establishing a shared vision amongst team members refers to:

A. Members of the team starting out with an essentially similar set of ideas about what they want to create.

B. Members of the team sharing moral principles and standards of behaviour.

C. Members of the team sharing the factors driving them to take part in the venture.

D. Members of the team sharing profits in an equitable manner.

ANS: D

26. An entrepreneur is a person who is a:

A. Risk taker

B. Initiator

C. Actor

D. All of the given options

ANS: D

27. Which one of the following is NOT an intrapreneurial leadership characteristic?
- A. Understands environment
 - B. Encourage the team work
 - C. Not flexible
 - D. Persistent

ANS: B

28. All but which of the following is considered to be a myth associated with entrepreneurship?
- A. Successful entrepreneurs are born not made
 - B. First ventures are always successful
 - C. All entrepreneurs must willingly invest significant sums of money
 - D. Successful entrepreneurs must have a break-through invention
 - E. An entrepreneur faces extraordinary business risks

ANS: D

29. A/An _____ is best described by stating it is any business that is independently owned and operated and is not dominate in its market.
- A. strategic alliance
 - B. corporation
 - C. entrepreneurship
 - D. proprietorship
 - E. small business

ANS: C

30. Which of the following risks is borne by the entrepreneur?
- A. Financial risks.
 - B. Personal risks.
 - C. Psychological risks.
 - D. All of these

ANS: D

II SHORT ANS: TYPE QUESTIONS:

1. Define entrepreneurship and explain its main characteristics.
2. Define an Entrepreneur? Are all business owners' entrepreneurs?
3. What are barriers to Entrepreneurship?
4. Define Intrapreneur.
5. Differentiate an entrepreneur from an intrapreneur.
6. Distinguish between entrepreneur and a manager.
7. Discuss the qualities or traits of success full entrepreneurs.
8. Discuss the type of entrepreneurs with suitable examples.

9. Give a brief account of the origin and growth of entrepreneurs in India.
10. Discuss the environmental factors which influence entrepreneurship.
11. Discuss unique characteristics of Entrepreneur.
12. What should be competencies of Entrepreneur?
13. Differentiate Entrepreneur, Entrepreneurship and Enterprise.
14. Give a brief profile of women entrepreneurs and discuss the main problems faced by them.
15. Explain the factors that determine the growth of entrepreneurship.
16. Analyze the factors that contribute to the success of small business.
17. What do you understand by entrepreneurial motivation? Discuss in detail.
18. Explain the factors which motivate the development of entrepreneurs.
19. Explain Schumpeter's theory of Entrepreneurship.
20. How understanding "McClelland's theory of Motivation" helps us in helping entrepreneurship.
21. What is Peter F. Drucker's Theory of Entrepreneurship?
22. Explain Economic Theory of Entrepreneurship by Mark Casson.
23. What do you understand about "Economic- Risk bearing theory of Knight"?
24. Explain Hagen's Theory of Entrepreneurship.
25. What concept is explained in X-Efficiency Theory by Leibenstein?
26. Explain the various problems faced by new ventures.
27. Discuss the slow growth of new entrepreneurship in India.
28. What is feasibility study and how is it conducted?
29. While deciding on the viability of your proposed project? What factors will you take into consideration?
30. What do you mean by Fabian Entrepreneurs?

III LONG ANS: TYPE QUESTIONS:

1. Define business and its main characteristics. How Entrepreneurial attitude helps in growth of a business?
2. Discuss internal & external factors of entrepreneurial motivation. What is an achievement motivation force that causes entrepreneurial growth in a country?
3. Explain "Non-economic factors are equally important as economic factors in deciding entrepreneurial growth". Give examples.
4. Explain the Economic factors affecting entrepreneurial growth. Also explain the various Environmental factors affecting Entrepreneurial Growth. Give suitable examples.
5. Can a person's chances of success as an entrepreneur be predicted with a high degree of accuracy? Explain.
6. Explain the motivation process for entrepreneurship development. Identify various characteristics of an entrepreneurial environment.
7. "Entrepreneurs are born not made". Comment on the statement. In light of this is their justification of various initiatives taken by various bodies and individuals to promote Entrepreneurship. In either of cases do these initiatives help? Explain.
8. "Entrepreneurial performance is a function of socio-cultural background of entrepreneur, his motivation, ability and environment" discuss.

9. What economic and non-economic factors have led to entrepreneurial growth in India and the world? Explain through Examples.
10. Explain how intrapreneurship develops in organizations with different cultural backgrounds.
11. What are characteristics of an Entrepreneur? How Entrepreneur can keep himself motivated all the time?
12. Looking the present scenario that India is 3rd largest hub of Start-ups activities, how do you see that this the optimum time for Entrepreneurship in India. Evaluate the favorable and unfavorable factors for Entrepreneurship in India in context of your ANS:.
13. What are the various theories of Entrepreneurship, explain. Among the theories pick one of the theory which you think is the best and explain why you think so.
14. Has socio cultural political environment has changed in favor of Entrepreneurship, pick up 5 of the factors and explain ANS:.
15. In India certain communities have more Entrepreneurs, analyze why they give more Entrepreneurs?
16. Account for the major problems faced by women entrepreneurs in India. How these problems can be solved.
17. “Entrepreneurial performance is a function of socio-cultural background of entrepreneur, his motivation, ability and environment” discuss.
18. In view of the Entrepreneurial Competencies required of an entrepreneur, discuss the various types of entrepreneurs with examples and reference to live case studies.
19. An entrepreneur has to carry out a combination of functions. In this light, discuss various functions to be performed by an entrepreneur.
20. What are the various myths of entrepreneurship? What is the truth behind each myth, explain?
21. How entrepreneur is different from manager? Give a classification scheme of types of entrepreneur available.
22. Differentiate Entrepreneur, Entrepreneurship and Enterprise. What are the economic and non-economic factors that have lead to Entrepreneurial growth in India? Discuss these factors in brief.
23. Discuss the conflicting viewpoints on corporate entrepreneurship.
24. “Small scale industries have become quite big over a period of time in India.” Comment on the statement.
25. “For the process of industrialization in India, small and large industries have to be viewed as mutually supportive and complementary”. Discuss.
26. Discuss the various type of entrepreneurs with characteristics of each of these with suitable examples.
27. Give a detailed account of the origin and growth of entrepreneurship in India. Also, explain the factors that determine the growth of entrepreneurship
28. Discuss the various environmental factors which influence entrepreneurship.
29. Differentiate between Entrepreneur and manager highlighting the key features of each of these.
30. Explain the role and importance of Entrepreneurship in economic development with examples.

UNIT – II

I MULTIPLE CHOICE QUESTIONS:

1. The goals motivating entrepreneurial activity can include which of the following options:
- A. To improve the social welfare of people, e.g. in terms of their health.
 - B. To improve the wealth of the entrepreneurs.
 - C. To maintain influence amongst powerful local figures.
 - D. All of the above.

ANS: A

2. What are the two key issues that arise when you create an effective entrepreneurial team from scratch?
- A. Team mentality and team synergy
 - B. Team numbers and team quality
 - C. Team composition and team roles
 - D. Team experience and team education

ANS: C

3. Establishing a shared vision amongst team members refers to:
- A. Members of the team starting out with an essentially similar set of ideas about what they want to create.
 - B. Members of the team sharing moral principles and standards of behaviour.
 - C. Members of the team sharing the factors driving them to take part in the venture.
 - D. Members of the team sharing profits in an equitable manner.

ANS: D

4. Which of the following is presented as evidence of social factors influencing whether someone becomes an owner-manager?
- A. Although people believe self-employment runs in families, there is little evidence to support this view.
 - B. There seems to be little relationship between self-employment and age.
 - C. Self-employment is more common among some ethnic groups.
 - D. Self-employment is more common among single people than among the married.

ANS: B

5. Which of the following is not one of the environmental factors that may influence the potential of a small business?
- A. Close contacts with customers related to problem solving activities
 - B. Clusters of technically advanced small firms
 - C. An industry with economies of scale
 - D. Banks recognizing the needs of small firms

ANS: C

6. What factors have contributed to the blurring of boundaries between different industries?
- Technological innovation; political change;
 - Technological innovation; legal and socio-economic changes
 - Changes amongst customers, competitors and suppliers
 - Technological innovation
- ANS: D
7. The ideas for new businesses that are obtained by entrepreneurs are derived from many sources. These various sources include all but _____.³⁹
- replication of an existing business
 - trade journals
 - trade shows
 - children
- ANS: D
8. In Stage One of the McMullen-Shepherd Model: H
- the entrepreneur decides whether or not there is an opportunity.
 - the entrepreneur consults experts in the market area of interest.
 - the entrepreneur decides whether the opportunity that exists is a match with their own knowledge and motivation.
 - the entrepreneur engages in bricolage.
- ANS: C
9. In Stage Two of the McMullen-Shepherd Model : H
- the entrepreneur deals with the business failure through counseling.
 - the entrepreneur decides whether or not there is an opportunity.
 - the entrepreneur goes through the causal process of thinking structurally.
 - the entrepreneur consults colleagues from previous jobs.
- ANS: B
10. A/An _____ is best described by stating it is any business that is independently owned and operated and is not dominate in its market.⁴⁷
- small business
 - corporation
 - entrepreneurship
 - proprietorship
- ANS: A
11. Which of the following is a disadvantage of the 'drafting a traditional business plan' approach?
- They do not reflect the way in which people shape their entrepreneurial visions.
 - It can be difficult to explain your vision to other people.
 - This approach lacks rigour.
 - The process involved can help an entrepreneur to improve their own understanding of the business concept.
- ANS: A

12. Which of the following are 'drivers' underlying the opportunity business model?
- A. Societal, commercial, legal, technological, people
 - B. Societal, commercial, legal, technological
 - C. Societal, ethical, commercial, legal, technological
 - D. Societal, commercial, legal, technological, environmental.
- ANS: B
13. What are the main sources of entrepreneurial opportunity?
- A. Personal - entrepreneurs experience or perceive something that others do not.
 - B. Secondary research - from industry analyses.
 - C. Primary research - from speaking to potential customers to determine their needs.
 - D. Observation - of other peoples' experiences with products and services.
- ANS: A
14. Social innovation refers to:
- A. The introduction of new social practices, activities or ways of organizing.
 - B. The introduction of novelties; the alteration of what is established by the introduction of new elements or forms.
 - C. New designs, processes, marketing approaches, or a new way of conducting training.
 - D. The means by which entrepreneurs exploit change as an opportunity for a different business or service.
- ANS: A
15. Business opportunity relates with
- A. Business possibilities
 - B. Commercially feasible projects
 - C. Risky projects
 - D. Favourable market demand
- ANS: B
16. Early growth stage fails to consider following symptoms. Unit 214
- A. Very slow
 - B. Perceived comfort zone
 - C. Very rapid
 - D. All of Above
- ANS: D
17. Very rapid situation indicates
- A. Increase in production
 - B. Rapid increase in production
 - C. Increase in Research and Development
 - D. Increase in sales
- ANS: D

18. Enterprise positioning is meant for
A. Short-term arrangement
B. Continuous process
C. Long-term process
D. None of the above
ANS: C
19. 19. Input analysis relates with
A. Funding requirement
B. Material requirement
C. Labour requirement
D. Resource requirement
ANS: D
20. General objective of selecting a location is not the following
A. Maximize the cost of production
B. Maximize the distribution cost
C. Minimize the cost of capital
D. All of the above
ANS: C
21. Which of the following is NOT one of the definitions of 'business models':
A. The system of components, linkages and associated dynamics, which that make commercial advantage of the Internet.
B. A business model describes the rationale of how an organization creates, delivers and captures value.
C. Business models identify where the resources necessary to establish a venture will come from.
D. Business models describe, as a system, how the pieces fit together.
ANS: C
22. Which of the following statements is true?
A. The entrepreneurial process starts with creativity and the task of generating new ideas.
B. The creativity process starts with innovation and the task of generating new ideas.
C. The idea generation process starts with creativity and the task of innovation.
D. The innovation process starts with creativity and the task of generating new ideas.
ANS: D
23. Incubation stage deals with
A. Sample development
B. Idea development
C. Prototype Development
D. None of the above
ANS: C

24. Feasibility study is defined as
- A. Formal investigation of profitable opportunity
 - B. Informal investigation of profitable opportunities
 - C. Intensive investigation of profitable opportunities
 - D. None of the above
- ANS: C
25. Business opportunity relates with
- A. Business possibilities
 - B. Commercially feasible projects
 - C. Risky projects
 - D. Favorable market demand
- ANS: B
26. Which of the following is alternatively called corporate venturing?
- A. Entrepreneurship
 - B. Intrapreneurship
 - C. Act of stating a new venture
 - D. Offering new products by an existing company
- ANS: B
27. A bonus or financial aid which is given by a Government to an industry to help it compete with other units in home market or in a foreign market is known as _____ .
- A. Subsidy.
 - B. Concession
 - C. Bounties.
 - D. None of these
- ANS: 27: A
28. Venture capital is concerned with:
- A. New project having potential for higher profit
 - B. New project of high technology
 - C. New project having high risk
 - D. All the above
- ANS: A
29. Family business always interested to handover the change of his business to:
- A. Indian Administration Officers
 - B. Professional Managers
 - C. Next generation
 - D. None of the above
- ANS: C

30. A corporate manager who starts a new initiative for their company which entails setting up a new distinct business unit and board of directors can be regarded as?
- A. Ecopreneur
 - B. Technopreneur
 - C. Intrapreneur
 - D. Social Entrepreneur

ANS: A

II SHORT ANSWER TYPE QUESTIONS:

1. Discuss the sources of ideas for new products.
2. What is product selection? Illustrate how a product is selected.
3. How creativity and innovation can lead to ideas about new product development and entrepreneurial opportunities?
4. How will you do evaluation of opportunity?
5. What is break even analysis? Illustrate and explain the process of breakeven analysis for a new product.
6. Explain the process of preparing a feasibility report.
7. Describe the need and significance of preparing a project report.
8. What are good sources of business ideas?
9. What are Venture Funds?
10. What is franchising?
11. What are the main contents of a project report?
12. How would you evaluate a franchise option?
13. Franchisee is a smarter entrepreneur. Do you agree? Explain.
14. Enlist different phases of feasibility analysis.
15. List legal considerations in the establishment of small-scale enterprise.
16. Enumerate legal and tax considerations in setting up a small business firm.
17. List advantages and disadvantages of different forms of business organization.
18. Enlist different phases of feasibility analysis.
19. List Sources of funding for an enterprise.
20. Define a private limited company and Public Ltd. Co.
21. Explain difference between Limited Liability Co. and private limited company
21. Discuss the basic startup problems in launching of small-scale enterprise.
22. What are the steps in starting a small business and Small-Scale Industry?
23. What are pre-feasibility study report?
24. What is included in feasibility study?
25. List factors of External Environmental Analysis.
26. What do you understand by the Entrepreneurial competency.
27. Explain the various forms of financial support system available to an entrepreneurial venture.

28. What do you mean by venture capital?
29. What do you understand by the term opportunity analysis in Entrepreneurship?
30. What factors are involved in the economic analysis of an entrepreneurial firm. List them.

III LONG ANSWER TYPE QUESTIONS:

1. What do you mean by project preparation? Explain various aspects of project preparation.
2. What is a market survey? Discuss the various methods used for market survey of a new product.
3. What are the differences are between a business plan and an opportunity assessment plan. Explain legal considerations in the establishment of small-scale enterprise.
4. Explain how planning strategies differ in large and small firms. Briefly discuss legal and tax considerations in setting up a small business firm.
5. What are the various ownership forms of organization in India as per India's legal framework? Explain the advantages and disadvantages of different forms of business organization
6. Define a private and public limited company. What are different types of Public Limited Companies? Discuss the special privileges and exemptions enjoyed by Private Co in comparison to Public Limited Co.
7. You want to set up a small-scale industry. Which industry would you like to select and where it should be located? Explain with the help of suitable example.
8. What are the project ideas/business opportunities? What are sources of information for them? What criteria are used to scan these opportunities to select few of them?
9. List some initiatives by State and Central Governments and other agencies, Pvt. Businesses for easy access of debt finance?
10. What are sources of funds for a start up in India? Discuss these sources mentioning their relative merits and demerits?
11. What are procedures involved in establishment of a new unit in India. What registrations are required? Explain the steps involved with documentation requirements.
12. A product that may be suitable to produce for one entrepreneur may not be suitable for all. Justify your ANS: with examples.
13. What are the various steps in writing a business plan?
14. List various types of information that they may be needed for writing a business plan. Explain through example.
15. Explain the purpose and content of the executive summary of the business plan.
16. A). What kind of information about the competitors needs to be put in a business plan?
B) Will it not be much more impressive to talk about the entire market than to restrict your focus on few target segments for a start-up?
17. Explain how you will evaluate a business idea.
18. Explain the purpose and content of the executive summary of the business plan.

19. What kind of information about the competitors needs to be put in a business plan? Will it not be much more impressive to talk about the entire market than to restrict your focus on few target segments for a start-up?
20. Explain how you will evaluate a business idea.
21. What are the various aspects involved in the processing of ideas for selecting best idea?
22. Explain the concept 'Project' with the help of definition. Explain the characteristics and classification of projects.
23. Write a note on various Incentive schemes available to MSME in India by Ministry of MSME.
24. What are MSME? What is their definition as a part of MSME Act 2006? What is the rationale of SME's in India? Explain the procedure of establishing SME including its registration and completing NOC formalities from pollution board.
25. Give definition of MSME both manufacturing and service enterprise as per MSME Act 2006. What are the formalities to be completed to start an MSME in India.
26. What do you understand by financial support system in the context of Entrepreneurial ventures? Discuss in detail.
27. How important is the role of Government in promoting Entrepreneurship. Support your answer with example.
28. What are the causes of formation of MSME policy in India? How are government organizations supporting them?
29. What do you understand by the MSME policy and also explain which type of agencies are formulating these policies.
30. Explain the process of obtaining venture funding for a start-up in detail.

UNIT - III

I MULTIPLE CHOICE QUESTIONS:

1. What is the definition of the term, 'social enterprise'?
 - A. A commercial organization that seeks to combine a profit seeking motive with the provision of social benefits.
 - B. A trading organization that is motivated by profit and a societal orientation.
 - C. A social enterprise undertakes social marketing and can take a variety of legal forms, including co-operative, a limited company and a community interest company.
 - D. A trading organization which serves a social purpose, and which can take a variety of legal forms, including co-operative, a limited company and a community interest company.

ANS: D
2. Fabian Entrepreneurs are characterized by:
 - A. Hardworking
 - B. Religious and traditional

- C. Shy and Lazy
- D. Ready to take risk

ANS: C

3. Drone entrepreneur are those who generally

- A. Earn super profit
- B. Earn normal profit
- C. Earn profit or even losses
- D. Incur losses

ANS: C

4. Systematic innovation means

- A. Monitoring different sources of innovative opportunity
- B. Developing different types of entrepreneurial behavior
- C. Identifying different new business opportunity
- D. Creating bases for systematic creativity

ANS: A

5. Supply of entrepreneur depends on the

- A. Rate of the profit available
- B. Prevailing social climate
- C. Rate of profit and social climate
- D. None of the above

ANS: B

6. EDP meant for developing

- A. Professional skill
- B. Entrepreneurial motive
- C. Personal qualities
- D. Entrepreneurial monitoring

ANS: B

7. EDP is required to help

- A. Existing entrepreneur
- B. First generation entrepreneur
- C. Future Entrepreneur
- D. None of the above

ANS: B

8. Following is not involved in EDP

- A. Identification of entrepreneurs for training
- B. Selection of entrepreneurs for training
- C. Developing entrepreneurial capabilities
- D. Arranging infrastructural facilities for starting Enterprise

ANS: D

9. EDII was developed by the
A. Government of India
B. State Government
C. All India Financial Institutions
D. Public sector banks
ANS: A
10. NIESBUD was established in
A. 1980
B. 1983
C. 1986
D. 1989
ANS: B
11. All but which of the following is considered to be a myth associated with entrepreneurship?
A. Successful entrepreneurs can be born as well as made
B. All entrepreneurs must willingly invest significant sums of money
C. Successful entrepreneurs must have a break-through invention
D. An entrepreneur faces extraordinary business risks
ANS: A
12. Which of the following is not considered a common characteristic of an entrepreneur?
A. High need for achievement
B. Self-confidence
C. External locus of control
D. Willingness to take risks
ANS: C
13. Bobby believes that what takes place within his new company is mostly the result of fate or factors that are outside of his control. It could be stated that Bobby possesses a/an _____.
A. innovative spirit
B. intrapreneurship
C. internal locus of control
D. external locus of control
ANS: D
14. The entrepreneur who is committed to the entrepreneurial effort because it makes good business sense is classed as a/an _____.
A. inventor
B. opportunist
C. hacker
D. craftsman
ANS: B

15. Simran is Entrepreneur, she handles numerous dealings with other companies for the exchange of goods and services. Her primary goal is to ensure that all parties involved receive favorable and acceptable terms. Simran is good at the entrepreneurial skill of _____.
- A. negotiating
 - B. leadership
 - C. analysis
 - D. Alliance building
- ANS: D
16. The steps involved in starting a entrepreneurial endeavor include all but which one of the following? 38
- A. Business plan formulation
 - B. Obtaining financing
 - C. Hiring a partner
 - D. Adapting to growth
- ANS: D
17. Which one of the following is NOT an intrapreneurial leadership characteristic?
- A. Understands environment
 - B. Encourage the team work
 - C. Not flexible
 - D. Persistent
- ANS: C
18. In which of the following domain; individuals take decision to help others for achieving their dreams?
- A. Traditional managers
 - B. Entrepreneurs
 - C. Intrapreneurs
 - D. Administrative managers
- ANS: C
19. An entrepreneur is a person who is a:
- A. Risk taker
 - B. Initiator
 - C. Actor
 - D. All of the given options
- ANS: D
20. Which one of the following is NOT an intrapreneurial leadership characteristic?
- A. Understands environment
 - B. Encourage the team work
 - C. Not flexible
 - D. Persistent
- ANS: C

21. Which among the following aspects affects an entrepreneur's perception of feasibility?
- A. Locus of control
 - B. Learning style
 - C. Perceived desirability
 - D. Self-efficacy
- ANS: C
22. _____ includes initiative and risk taking, as well as competitive aggressiveness and boldness.
- A. New business venturing
 - B. Self-renewal
 - C. Innovativeness
 - D. Proactive Behavior
- ANS: A
23. In the creativity and innovation matrix, what is a 'medium level of creativity' and a 'medium level of innovation' referred to as? Unit 2 7
- A. Winner
 - B. Loser
 - C. Mediocre
 - D. Average
- ANS: D
24. _____ between people in the personal contact network play an important communications role, enabling the entrepreneur to identify opportunities that are not evident to others. Unit 2 9
- A. Good relations
 - B. Weak ties
 - C. Strong ties
 - D. Unique connections
- ANS: C
25. Social innovation refers to:
- A. the introduction of new social practices, activities or ways of organizing.
 - B. the introduction of novelties; the alteration of what is established by the introduction of new elements or forms.
 - C. new designs, processes, marketing approaches, or a new way of conducting training.
 - D. the means by which entrepreneurs exploit change as an opportunity for a different business or service.
- ANS: A
26. EDP (Entrepreneurship Development Programmes) is required to help:
- A. Existing entrepreneurs
 - B. First generation entrepreneurs
 - C. Future generations entrepreneurs

D. None of the above

ANS: B

27. Which of these statements best describes the context for entrepreneurship:

A. Entrepreneurship takes place in small businesses

B. Entrepreneurship does not take place in social enterprises

C. Entrepreneurship takes place in a wide variety of contexts

D. Entrepreneurship takes place in large businesses

ANS: C

28. Which of the following is an internal factor that influences entrepreneurs?

A. Technological Capacity

B. Social environment

C. Political environment

D. Economic condition

ANS: A

29. If an entrepreneur has an internal locus of control, this means that he/she:

A. has a high need for achievement

B. believes that success or failure depends on his/her own actions.

C. feels comfortable in an unstructured situation

D. believes fate is a powerful force

ANS: B

30. The entrepreneur who is committed to the entrepreneurial effort because it makes good business sense is classed as a/an_____

A. inventor

B. opportunist

C. hacker

D. craftsman

ANS: B

II SHORT ANSWER TYPE QUESTIONS:

1. How you link Entrepreneurship and Innovation.

2. What is difference between Entrepreneurship and Innovation?

3. What is difference between Innovation and Creativity?

4. How Innovation drives Entrepreneurship? Explain.

5. Explain how implementing “McClelland’s theory of Motivation” leads to Entrepreneurship

6. Explain Psycho-Theory- Hagen’s Theory helps in understanding Entrepreneurship?

7. Why study of Psycho- theories helps us in Entrepreneurship?

8. What is Corporate Social Responsibility?
9. Does taking care of Social Responsibility help Entrepreneurship?
10. Write a note on Directorate of Industries and DICs for promoting Entrepreneurship
11. Write a note on role and functions of NISBUD for promoting Entrepreneurship
12. What is Employee Development Program (EDP)?
13. What is role of EDP in promoting Entrepreneurship?
14. Discuss the need and significance of EDPs.
15. List the various Institutions carrying out EDPs.
16. What is role of Small Industries Development Organizations (SIDOs) in carrying out EDPs?
17. What is role of Accelerators and Incubators in EDPs?
18. What are activities carried in Stimulatory Phase or Initial Phase of EDPs
19. What are activities carried in Support Phase or Second Phase of EDPs
20. What are activities carried in Sustenance Phase or Final Phase of EDPs
21. How National Institute of Small Industry Extension Training (NISIET) and other Entrepreneurial Development Institutes helping in various EDPs.? Write brief
22. What is role of Govt. in EDPs, write briefly.
23. Write the type of Institutes carrying out EDPs?
24. How EDPs are organized?
25. Why EDPs now has become part of Entrepreneurship Eco-System?
26. Write a short-note on weakness of EDP.
27. Explain the relevance of EDP Cell in brief.
28. What is business incubator?
29. What do you understand by technical analysis?
30. What do you understand by tax holiday for entrepreneurial ventures.

III LONG ANSWER TYPE QUESTIONS:

1. Explain the main institutions engaged in the training and development of entrepreneurs in India and Nature of trainings imparted by them.
2. What do you understand by entrepreneurial motivation? Explain the factors which motivate the development of entrepreneurs.
3. “EDP is a process of entrepreneurial grooming.” Comment at the statement. Explain through various types of EDP Programs.
4. What is achievement motivation? Is it essential ingredient for entrepreneurship? Explain various Psychological theories of motivation which explain the reasons of Entrepreneurial behavior.
5. Who is an innovator? What are the principles and Process of innovation?
6. a. “Innovation is one of the most important functions of an entrepreneur”. Comment on the statement and cite examples for it.

- b. “Developing countries need imitative rather than innovative entrepreneurs. Do you agree? Give reasons for your answer.
7. Comment on the statement that creativity is a pre-requisite to innovation and explain the creative process.
 8. What Account for the major problems faced by women entrepreneurs in India. State the various schemes introduced by the government for the development of women entrepreneurs.
 9. “Entrepreneurial behaviour is the result of an interaction of several internal and external factors”. Explain the statement. What is the behavioral pattern of entrepreneurs?
 10. “The initiative and intentions of an individual are diverted by his ambitions”. In the light of this statement, describe the ambitions which inspire people to take up enterprise. Also explain the theories behind the work.
 11. Do you agree with the view that entrepreneurs are born and not made? Evaluate the relevance of entrepreneurial development programme in this context?
 12. Enumerate the characteristics of creative people and discuss what makes an entrepreneur creative.
 13. A product to be produced or service to be given may be suitable for one entrepreneur may not be suitable for all. Justify your ANS: with examples.
 14. What is the role of EDP in entrepreneurship development? What are the activities/stages of EDP program? What areas are included in EDPs in India
 15. What are the various sources of getting new ideas? How do you select the new ideas? Explain.
 16. What are the project ideas/business opportunities? What are sources of information for them? What criteria are used to scan these opportunities to select few of them?
 17. Explain the sources of information in detail and how they help in idea generation for starting up a small-scale enterprise.
 18. How creativity and innovation can lead to ideas about new product development and entrepreneurial opportunities?
 19. Explain the various problems faced by new ventures.
 20. Discuss the slow growth of new entrepreneurship in India despite the potential of India.
 21. Explain various environment pollution related clearances while setting a small scale business unit.
 22. Why today organizations give emphasis on the development of human resource into competitive advantage?
 23. “Diversification may be more risky as compared to expansion”. Discuss. What are the practical problems faced in expansion and diversification.
 24. List some of the best practices in New Product development in the context of entrepreneurial firms?
 25. What all steps Govt. has taken to help Start-ups in new and innovative areas?
 26. Explain the needs and objectives of EDP for a developing country like India.
 27. Explain in detail with a diagram the entrepreneurial development cycle.
 28. Explain the role of government in organizing EDP’s critical evaluation.

29. What are the various forms of ownership. Explain each of these in detail.
30. Explain the relevance of Entrepreneurial Development Programmes.

UNIT – IV

I MULTIPLE CHOICE QUESTIONS:

1. _____ involves having a foreign purchaser in the local market or using an export management firm.
A. Direct Exporting
B. Indirect Exporting
C. Management Contracts
D. Turn-Key Projects
ANS: A
2. The _____ measures the payments that flow between any individual country and all other countries.
A. International Business
B. Economies of Scales
C. Balance of Payment
D. None of the given options
ANS: C
3. Which of the following statements is FALSE regarding the role of the customs agency of a government?
A. It deals with smuggling operations.
B. It is increasingly involved in helping protect against foreign terrorist attacks.
C. It deals with the administration of certain navigation laws and treaties.
D. It approves and declines migrant work visas.
ANS: A
4. A foreign merchant who purchases the products from the manufacturer and sells them at a profit is called a:
A. customs agent.
B. distributor.
C. sales representative.
D. commission agent.
ANS: B
5. In _____, the exporter sells goods directly to or through an independent domestic intermediary in the exporter's home country that exports the products to foreign markets.
A. direct selling
B. indirect selling
C. multilevel marketing
D. global resource planning

ANS: A

6. All of the following are major types of indirect intermediaries EXCEPT:
- A. the export management company
 - B. the export trading company
 - C. export agents
 - D. distributors

ANS: D

7. A document that is a receipt for goods delivered to the common carrier for transportation, a contract for the services rendered by the carriers, and a document of title is known as a(n):
- A. export license.
 - B. commercial invoice.
 - C. consular invoice.
 - D. bill of lading.

ANS: D

8. A bill for goods issued by the seller that contains the description of the goods, the address of the buyer and seller, and delivery and payment terms is known as a:
- A. bill of lading.
 - B. commercial invoice.
 - C. shipper's export declaration.
 - D. certificate of origin.

ANS: B

9. Countries often use _____ to determine the specific tariff schedule for imports; it is a document that indicates where products originate.
- A. commercial invoice
 - B. shipper's export declaration
 - C. bill of lading
 - D. certificate of origin

ANS: D

10. A document that controls exports and is used to compile trade statistics is known as a:
- A. bill of lading.
 - B. commercial invoice.
 - C. certificate of origin.
 - D. shipper's export declaration.

ANS: D

11. From the exporter's point of view, all of the following are major issues that relate to the financial aspects of exporting EXCEPT:
- A. the methods of payment
 - B. the financing of receivables
 - C. insurance

D. intermodal transportation

ANS: B

12. Which of the following basic methods of payments is the least secure in terms of security to the exporter?

- A. letter of credit
- B. draft or bill of exchange
- C. open account
- D. Cash before shipment

ANS: C

13. Which of the following major issues DOES NOT relate to the financial aspects of exporting?

- A. the price of the product
- B. the method of payment
- C. location of production
- D. terms of payment

ANS: C

14. A letter of credit:

- A. is issued by a credit agency to a bank.
- B. cannot be amended.
- C. is more secure than cash in advance.
- D. obligates the importer's bank to honour a draft presented to it.

ANS: D

15. A confirmed letter of credit:

- A. obligates the importer's bank to honour a draft presented to it.
- B. obligates the exporter's bank to honour a draft presented to it.
- C. cannot be amended.
- D. only has the confirmed guarantee of the importer's bank.

ANS: D

16. A revocable letter of credit:

- A. obligates the exporter's bank to honor a draft presented to it.
- B. can only be amended if all the parties involved agree.
- C. can be amended by any of the parties involved at any point.
- D. obligates the importer's bank to honor a draft presented to it.

ANS: C

17. An irrevocable letter of credit:

- A. can only be amended if all parties involved agree.
- B. is issued by an irrevocable credit agency.
- C. can be amended by any of the parties involved at any point.
- D. obligates the exporter's bank to pay interest to the importer.

ANS: A

18. The distinction between an "entrepreneur" and "small business owner" , if made, revolves around:
- A. really nothing; they are truly one and the same
 - B. the Small Business Administration definitions
 - C. whether the business is an Internet based one or not
 - D. the risk taking or re-invention of a business vs. someone who "simply" starts a business or buys an existing one.

ANS: D

19. One reason for the growth in small businesses relates to the trend for larger business to downsize by contracting with smaller firms to do many of the functions once done internally. This is referred to as:
- A. concentrating
 - B. outsourcing
 - C. specializing
 - D. entrepreneuring

ANS: B

20. The technical characteristics of the small business would include all of the following except:
- A. independently managed
 - B. owned by an individual or a small group of investors
 - C. based locally, even though the market might be widespread
 - D. significant influence in its industry

ANS: D

21. Which of the following might be termed a disadvantage faced by the small business?
- A. greater flexibility
 - B. greater ability to serve specialized markets
 - C. extreme personal commitment of the owner
 - D. more personal service

ANS: C

22. The financial assistance to small business provided by the State Finance Corporation the form of:
- A. direct loans
 - B. guidance in locating lenders
 - C. loan guarantees
 - D. assistance in filling out paperwork

ANS: A

23. Why are small businesses important to a country's economy?
- A. They give an outlet for entrepreneurs.
 - B. They can provide specialist support to larger companies.
 - C. They can be innovators of new products.

D. All the above.

ANS: D

24. Which of the following factors is the most important in forcing Indian companies to focus on new product development and increased productivity?

- A. Entrepreneurship
- B. Hyper competition
- C. Governmental laws
- D. Organizational culture

ANS: B

25. The first step in the small business development process is:

- A. Planning
- B. Organizing
- C. Controlling
- D. Retaining

ANS: A

26. An entrepreneurial team is:

- A. a group of people who work within a corporation to launch new products.
- B. a group of people who join together to develop and market a new product.
- C. a group from the Small Business Administration which consults with small business owners.
- D. a group of managers who get together to find solutions to problems.

ANS: B

27. Indrayani Jungle wants to start a small business importing some products from her native Kenya. Before she starts, some good advice to Indrayani would be:

- A. talk to others who have been or are in the import business.
- B. get a loan right away.
- C. find a business to buy as soon as possible.
- D. incorporate immediately

ANS: A

28. An entrepreneur doing business within the national border is called:

- A. International entrepreneurship
- B. Intrapreneurship
- C. Domestic entrepreneurship
- D. Imports

ANS: C

29. Which one of the following best represents the environment of an entrepreneurial oriented organization? Corporate culture

- A. Entrepreneurial culture
- B. Intrapreneurial culture
- C. Traditional culture

ANS: B

30. Which one of the following is the main problem for the entrepreneur in the beginning stages of creating a new venture?
- A. Lack of experience
 - B. Limited resources
 - C. Lack of education
 - D. None of the given options

ANS: A

II SHORT ANSWER TYPE QUESTIONS:

1. SSI plays dynamic role in economic development of India. Comment.
2. Discuss the importance of women Entrepreneurs in Society?
3. Why Entrepreneurship necessary in Economic Development.
4. Relate Entrepreneurship and Economy of a country.
5. What is Economic Development of a country?
6. What is role of Entrepreneurship in Economy?
7. Why Central and State Governments give incentives to Entrepreneurs?
8. What is an achievement motivation force that causes entrepreneurial growth in a country?
9. How entrepreneurs lead to the economic development of a country?
10. How Entrepreneurship helps in bringing social stability?
11. Do promotion of Entrepreneurship in backward regions solve problem of Regional Balance? How?
12. Do you think Entrepreneurship has role in export promotion? Justify.
13. Do you think Entrepreneurship has role in import promotion? Justify
14. How Entrepreneurship can complement Economic Growth?
15. How Entrepreneurship can complement Economic Growth?
16. How Entrepreneurship can supplement Economic Growth?
17. What is role of State Governments in Entrepreneurship Development?
18. What is role of Central Government in Entrepreneurship Development?
19. How level of Entrepreneurial activity is barometer of Economic Growth of a country?
20. How ease in business in a country helps in growth of economy? Explain through examples.
21. What is contribution of Startups in growth of Indian Economy?
22. How innovations and Economy are linked.
23. Why Innovation by Private Enterprises is critical to leap frog in growth of economy?
24. What role Technology Startups are playing in forex earnings?
25. Do you think various Hackathons (Innovative Technology Competitions) organized by State and Central Govts. and other associations in future will lead to major Growth for India? Justify.
26. Explain the role of entrepreneur in economic development.
27. How export marketing helps in the upliftment of startups in India.

28. How does an entrepreneur act as an innovator?
29. What do you understand by the term Forex Earnings?
30. Write a short note on entrepreneur as an innovator and risk-taker.

III LONG ANSWER TYPE QUESTIONS:

1. “Entrepreneur is the catalyst in the process of economic development”. In the light of this statement, explain the role of entrepreneurship in the economic development.
2. “Self-employment is the best method of solving the problem of growing unemployment in India”. Do you agree? Suggest a suitable strategy for the identification and development of entrepreneurs.
3. How entrepreneurship helps in the Economic development of a country? What factors have led to Entrepreneurial growth in our country? Give examples of few successful entrepreneurs you have come across and list their important characteristics you have noted?
4. How does an Entrepreneur contribute to the economy and the society? Why is Entrepreneurship important to Society?
5. Discuss the role of an Entrepreneur in bringing about Economic Growth of a country. How economic growth takes place with the growth of Entrepreneurship in any country? Explain with examples.
6. Discuss the role of entrepreneur in Export and Import Substitution in Indian context.
7. What steps are involved in doing export from our country? What steps are involved in doing import our country? Discuss in brief.
8. Discuss the measures taken by the government to achieve balanced regional development in the country through promoting Industrialization. Do you find them satisfactory?
9. In the light of "Make in India" call of the Prime Minister of India discuss the role an entrepreneur.
10. Describe various incentives that are provided to the entrepreneurs engaged in exports.
11. “Entrepreneur is the catalyst in the process of economic development”. In the light of this statement, explain the role of entrepreneurship in the economic development.
12. On the basis of your observation, do you believe that entrepreneur in your society are living upto their social responsibilities.
13. Do you think that reservation policy is beneficial to the growth of small-scale sector?
14. Give an account of the role of Government in developing rural entrepreneurship in India.
15. How can the educated unemployed youth be motivated to set up new units in backward areas of the country?
16. What assistance EDI is providing to entrepreneurs in India? What are the activities and functions of EDI?
17. Give a critical appraisal of industrial estates in promoting Small business in India.
18. How export marketing helps in the upliftment of various industries in India.
19. Explain the institutions set up in India for promoting Export marketing?

20. Discuss various procedure formalities and documentation for export marketing in small businesses?
21. What is role of Export Processing Zone (EPZ) in promoting exports?
22. What is role of EXIM Bank in promoting exports?
23. What are various export promotion councils doing to promote exports?
24. What is MSME's role in economic development of the country?
25. Give a critical appraisal of industrial estates in promoting Small business and Exports in India.
26. Explain how entrepreneurial ventures help in balanced regional development of industries.
27. How do entrepreneurial ventures help in export promotion? Explain in detail.
28. Explain the role of entrepreneurial ventures in bringing out social stability in the economy.
29. How do entrepreneurial ventures lead to generation of employment opportunities in the country?
30. Explain the role of an entrepreneur in the economic growth of a nation as an innovator?

QUESTION BANK

INFORMATION SYSTEMS MANAGEMENT

BCOM 305

QUESTION BANK
INFORMATION SYSTEMS MANAGEMENT – BCOM 305
BCOM V

UNIT I

I MULTIPLE CHOICE QUESTIONS:

1. Summary transaction data, high-volume data, and simple models are information inputs characteristic of a(n):
- A. DSS
 - B. MIS
 - C. ESS
 - D. TPS

ANS: A

2. Which of the following individuals typically have less formal, advanced educational degrees and tend to process rather than create information?
- A. Knowledge workers
 - B. Executives
 - C. System analysts
 - D. Data workers

ANS: C

3. Management information systems usually:
- A. Serve managers interested in weekly, monthly, and yearly results, not day-to-day activities.
 - B. Help managers make decisions that are unique, rapidly changing, and not easily specified in advance.
 - C. Provide managers with a generalized computing and telecommunications capacity that can be applied to a changing array of problems.
 - D. Perform and record the daily routine transactions necessary to the conduct of business.

ANS: B

4. Decision support systems usually:
- A. Serve managers interested in weekly, monthly, and yearly results, not day-to-day activities.
 - B. Help managers make decisions that are unique, rapidly changing, and not easily specified in advance.
 - C. Provide managers with a generalized computing and telecommunications capacity that can be applied to a changing array of problems.
 - D. Perform and record the daily routine transactions necessary to the conduct of business.

ANS:D

5. Identifying customers and markets using data on demographics, markets, consumer behavior, and trends is an example of a(n):
- A. Operational-level sales and marketing information system.
 - B. Knowledge-level sales and marketing information system.
 - C. Management-level sales and marketing information system.
 - D. Strategic-level sales and marketing information system.

ANS: A

6. Deciding where to locate new production facilities is a(n) example of a manufacturing and production information system operating at the:
- A. Operational level
 - B. Management level
 - C. Knowledge level
 - D. Strategic level

ANS: B

7. Preparing short-term budgets is an example of finance and accounting information system operating at the:
- A. Operational level
 - B. Management level
 - C. Knowledge level
 - D. Strategic level

ANS: B

8. By the 1960's _____ were used to generate a limited range of pre-defined reports including income statements, balance sheets and sales reports
- A. MIS
 - B. ERP
 - C. KIS
 - D. VB

ANS: A

9. 1990's saw the introduction of the _____ information systems.
- A. Strategic
 - B. GUI
 - C. Decision
 - D. Executive

ANS: A

10. _____ is often called the father of computers.
- A. Babbage
 - B. Blaise
 - C. Hobbyists
 - D. Dovis

ANS:A

11. _____ is the act of informing or the state of being informed.
- A. Data
 - B. System
 - C. Management
 - D. Information
- ANS: D
12. Payroll Data includes wage structures, benefits, deductions and _____.
- A. Allowances
 - B. Bribe
 - C. Lose
 - D. Cheque
- ANS: A
13. Information systems that monitor the elementary activities and transactions of the organizations are:
- A. Management-level system
 - B. Operational-level system
 - C. Knowledge-level system
 - D. Strategic level system
- ANS: C
14. Projections and responses to queries are information output characteristics associated with a(n):
- A. DSS
 - B. MIS
 - C. ESS
 - D. TPS
- ANS: D
15. Tracking employee training, skills, and performance appraisals is an example of a human resource information system operating at the:
- A. Operational level
 - B. Management level
 - C. Knowledge level
 - D. Strategic level
- ANS: D
16. Assembling a product, identifying customers and hiring employees are:
- A. Transactions
 - B. Phases
 - C. Business processes
 - D. Business functions
- ANS: B

17. Which of the following is a network of facilities for procuring materials, transforming raw materials into intermediate and finished products, and distributing the finished products to customers?
- A. Production chain
 - B. Primary chain
 - C. Supply chain
 - D. Distribution chain
- ANS: A
18. Information systems can facilitate supply chain management by:
- A. Tracking the status of orders.
 - B. Rapidly communicating orders.
 - C. Providing product specifications.
 - D. Doing all of the above.
- ANS: C
19. Enterprise systems support:
- A. Manufacturing processes.
 - B. Financial and accounting processes.
 - C. Human resource processes.
 - D. All of the above.
- ANS: D
20. The quality of your _____ is a large part of the quality of your information system.
- A. computer
 - B. thinking
 - C. time
 - D. life
- ANS: D
21. Which of the following is not a characteristic of good information?
- A. interchangeability
 - B. relevance
 - C. cost effectiveness
 - D. timeliness
- ANS: B
22. If you are a _____ recipient of sensitive information, such as might be overheard or contained in a misdirected email, this would not be illegal, but might be unethical to use it.
- A. active
 - B. passive
 - C. proper
 - D. business
- ANS: A

23. A computer security protocol for logging in would be an example of the _____ component of an information system.
- A. software
 - B. hardware
 - C. data
 - D. procedure
 - E. people
- ANS: D

24. Customer numbers and their names would be an example of the _____ component of an order management information system.
- A. software
 - B. hardware
 - C. data
 - D. procedure
- ANS: D

25. Nonroutine cognitive skills include:
- A. communication.
 - B. problem-solving.
 - C. abstract reasoning.
 - D. collaboration.
- ANS: C

II SHORT ANSWER TYPE QUESTIONS:

- 1 Define MIS. Give MIS importance.
- 2 Write in brief about Probabilistic systems.
- 3 Give the limitation of MIS.
- 4 Define Structured Information System.
- 5 Write in brief on Managing Value Chain.
- 6 What are the three outcomes in different decision-making conditions?
- 7 Give the advantages of computer-aided design.
- 8 Write in brief about TRANSACTION PROCESSING CYCLE.
- 9 Data Mining and its application in business.
- 10 Write short note on Expert Systems
- 11 What are the components of Management Support Systems
- 12 Explain the Strategic Role of Information Systems.
- 13 Describe Strategic Information Systems Framework
- 14 Explain the Competitive Strategy of an Information- oriented organization.
- 15 Discuss the recent developments in the field of MIS.
- 16 Write short note on “Accounting System”.
- 17 Give a brief description of FIS.
- 18 Draw a diagram explaining the operations of a Inventory Information System.
- 19 How can an Expert system be developed. Write down the steps.
- 20 Write a short note on “Group Decision Support Systems”.

- 21 What are the components of Decision Support Systems.
- 22 Give the major applications of office automation.
- 23 Briefly discuss the role of MIS in business organization with particular reference to management levels.
- 24 What is the location of MIS in the organization?
- 25 What is an executive Information System?

III LONG ANSWER TYPE QUESTIONS:

- 1 Why is a business model necessary? How would you construct a model for following:
 - (a) Sales Model for Forecasting
 - (b) Production Model for Capacity Forecasting
 - (c) Business Model for Profitability Analysis
- 2 What is strategic planning? When does it assume importance in the business?
- 3 State the difference between MIS and a computer system. Why is MIS looked upon as a strategic need of management today?
- 4 If application science and MIS can be brought together the MIS design would be realistic and useful. Discuss.
- 5 Can you automate the process of decision making? The answer is 'Yes' and 'No'. Explain. What best must be aimed at?
- 6 Explain the concept of entropy used in system control? How would you use this concept in MIS?
- 7 Explain the steps in the
 - (a) Transaction Processing System
 - (b) Data Processing System
 - (c) Information Processing System
 - (d) Management Information Processing System
- 8 Explain the information needs of the following:
 - (a) Corporate Planner
 - (b) Investment Analyst
 - (c) Job Chaser
 - (d) Administrator
- 9 What is the type of DSS that can be integrated in MIS and which are types not worthy of integration?
- 10 Identify E-business initiatives, which will drive companies to switch to electronic methods of managing the business. What are the typical characteristics of the business, where E-business will give large benefits?
- 11 What are the different risks involved in using MIS in business organizations and how can these be addressed?
- 12 What are the advantages and disadvantages of outsourcing IT?
- 13 What is an information system? What are its components? How is it useful for an organization? Explain
- 14 Explain the term "Competitive Advantage". How does it differ from Strategic Advantage? Explain with an example.
- 15 Distinguish between Data, information and knowledge giving examples of each?
- 16 Describe relationship between TPS, MIS, DSS, ESS.

- 17 Contrast between Information Architecture and Information Infrastructure.
- 18 Differentiate between
 - (a) Open and Closed System
 - (b) Probabilistic and Deterministic System
 - (c) Data and Information
- 19 What do you understand by Information Infrastructure and Information Architecture?
- 20 List and describe any four reasons why information systems are so important for businesses today?
- 21 The companies today cannot do without Management Information Systems. Comment. What is the role played by Management Information System in organizations? Give suitable examples.
- 22 What is the difference between a Management Information System and a Decision Support System? Explain using the examples where each may be useful.
- 23 What is knowledge Management System? Why do organizations need knowledge Management Systems? Give supporting example.
- 24 Explain with examples, how does Information System give competitive and strategic advantage to the organization?
- 25 What are the capabilities of Information Systems those businesses must have, to compete and survive in the information age?

UNIT II

I MULTIPLE CHOICE QUESTIONS:

- 1 What represent a correspondence between the various data elements?
 - A. Data
 - B. Constraints
 - C. Relationships
 - D. Schema
 ANS: C
- 2 Which of the following is an advantage of using database system?
 - A. Security enforcement
 - B. Avoidance of redundancy
 - C. Reduced inconsistency
 - D. All of these.
 ANS:D
- 3 Which of the following is characteristic of the data in a database?
 - A. Independent
 - B. Secure
 - C. Shared
 - D. All of these.
 ANS: D

- 4 Which of the following is related to information?
A. Data
B. Communication
C. Knowledge
D. All of these
ANS: A
- 5 Data is:
A. A piece of fact
B. Metadata
C. Information
D. None of these.
ANS: A
- 6 Which of the following is element of the database?
A. Data
B. Constraints and schema
C. Relationships .
ANS: D
- 7 Relationships could be of the following type:
A. One-to-one relationship
B. One-to-many relationships
C. Many-to-many relationships
D. All of these.
ANS: D
- 8 In a file-oriented system there is:
A. Data inconsistency
B. Duplication of data
C. Data independence
D. All of these.
ANS: D
- 9 In a database system there is:
A. Increased productivity
B. Improved security
C. Economy of scale
D. All of these.
ANS:D
- 10 Which of the following is database element?
A. Data
B. Constraints and schema
C. Relationships
D. All of these.

ANS: D

- 11 What separates the physical aspects of data storage from the logical aspects of data representation?
- A. Data
 - B. Schema
 - C. Constraints
 - D. Relationships

ANS:D

- 12 What scheme defines how and where the data are organized in a physical data storage?
- A. External
 - B. Internal
 - C. Conceptual
 - D. None of these.

ANS: A

- 13 Which of the following schemas defines the stored data structures in terms of the database model used?
- A. External
 - B. Conceptual
 - C. Internal
 - D. None of these

ANS: B

- 14 Which of the following schemas defines a view or views of the database for particular users?
- A. External
 - B. Conceptual
 - C. Internal
 - D. None of these

ANS: B

- 15 A collection of data designed to be used by different people is called.
- A. Database
 - B. RDBMS
 - C. DBMS
 - D. None of these

ANS:A

- 16 VDL is used to specify:
- A. Internal schema
 - B. External schema
 - C. Conceptual schema
 - D. None of these.

ANS: D

- 17 The DML provides following functional access to the database:
- A. Retrieve data and/or records
 - B. Add (or insert) records
 - C. Delete records from database files
 - D. All of these
- ANS: B
- 18 4GL has the following components inbuilt in it:
- A. Query languages
 - B. Report generators
 - C. Spreadsheets
 - D. All of these.
- ANS: D
- 19 Which of the following is an object-oriented feature?
- A. Inheritance
 - B. Abstraction
 - C. Polymorphism
 - D. All of these
- ANS: B
- 20 A physical data models are used to
- A. Specify overall logical structure of the database
 - B. Describe data and its relationships
 - C. Higher-level description of storage structure and access mechanism
 - D. All of these
- ANS: D
- 21 Which data model organizes the data in the form of tables and relations?
- A. Relational Model
 - B. Hierarchical Model
 - C. Network Model
 - D. Structural Model
- ANS: A
- 21 System catalog is a system-created database that describes:
- A. Database objects
 - B. Data dictionary information
 - C. User access information
 - D. All of these
- ANS: D
- 22 Following is the type of metadata:
- A. Operational
 - B. EDW
 - C. Data mart

D. All of these

ANS:D

23 Which company has developed the hierarchical model?

A. Oracle

B. IBM

C. Sun Microsystems

D. Microsoft

ANS:B

24 The name of the system database that contains descriptions of data in the database is

A. Data dictionary

B. Metadata

C. Table

D. None of these

ANS:B

II SHORT ANSWER TYPE QUESTIONS:

1. Explain database system.
2. What is the meaning of data independence and data integrity?
3. Why are relationships between entities important?
4. What is the difference between a data definition language and a data manipulation language?
5. What do you mean by redundancy? What is the difference between controlled and uncontrolled redundancy? Illustrate with examples.
6. Define the following terms:
 - (a) Data
 - (b) Database System
 - (c) DBMS
 - (d) Data Independence
 - (e) DBA
 - (f) Data Integrity
7. Who is DBA? What are the responsibilities of a DBA?
8. Discuss advantages and disadvantages of file-oriented system.
9. Discuss the advantages and disadvantages of a DBMS.
10. Explain the difference between external, internal and conceptual schemas.
11. What is a data model?
12. What is logical data independence and why is it important?
13. What is the difference between physical data independence and logical data independence?
14. Describe the structure of a DBMS.
15. Describe the main components of a DBMS.
16. Explain operational data, schemes and instances.
17. Explain Data models.
18. What is database management system? Why do we need a DBMS?
19. Differentiate between Datafile and Databases.
20. Differentiate between Record and Field.
21. What four main types of actions involve databases? Briefly discuss each.

22. Discuss the advantages of using the DBMS approach.
23. Under what circumstances it is desirable to develop customized database applications?
24. Discuss the role of pre-compiler in a DBMS environment.
25. What is the use of data dictionary in database system?

III LONG ANSWER TYPE QUESTIONS:

1. (a) Make an ER diagram for a library system? Clearly mention all the entities their attributes and the relationship among the entities.
(b) Map this ER model into corresponding relational model.
2. Describe the three-tier ANSI-SPARC architecture. Why do we need mapping between different schema levels? How do different schema definition languages support this architecture?
3. Discuss the advantages and characteristics of the three-tier-architecture.
4. Discuss the concept of data independence and explain its importance in a database environment.
5. Explain the difference between external, conceptual and internal schemas. How are these different schema layers related to the concepts of physical and logical data independence?
6. Describe in detail the different types of DBMS.
7. How does the concept of object identity in the object-oriented model differs from the concept of entity in the entity-relationship model, and tuple equality in the relationship model?
8. What are the software components in a client-server DBMS? Compare the two-tier and three-tier client server architecture.
9. What are the differences among hierarchical, network and relational data model?
10. Describe the basic features of the relational data model. Discuss their advantages, disadvantages and importance of the end-user and the designer.
11. A university has an entity COURSE with a large number of courses in its catalog. The attributes of COURSE include COURSE-NO, COURSE-NAME and COURSE-UNITS. Each course may have one or more different courses as prerequisites or may have no prerequisites. Similarly, a particular course may be a prerequisite for any number of course, or may not be a prerequisite for any other course. Draw an E-R diagram for this situation.
12. A company called M/s ABC Consultants Ltd. has an entity EMPLOYEE with a number of employees having attributes such as EMP-ID, EMP-NAME, EMP-ADD and EMP-BDATA. The company has another entity PROJECT that has several projects having attributes such as PROJ-ID, PROJ-NAME and START-DATE. Each employee may be assigned to one or more projects, or may be assigned to a project. A project must have at least one employee assigned and may have any number of employees assigned. An employee's billing rate may vary by project and the company wishes to record the applicable billing rate (BILL-RATE) for each employee when assigned to a particular project. By making additional assumptions, if so required, draw an E-R diagram for the above situation.
13. Draw an E-R diagram for an enterprise or an organization you are familiar with.
14. What is meant by the term client/server architecture and what are the advantages and disadvantages of this approach?

15. Differentiate between schema, subschema and instances.
16. An organization purchases items from a number of suppliers. Suppliers are identified by SUP-ID. It keeps track of the number of each item type purchased from each supplier. It also keeps a record of supplier's addresses. Supplied items are identified by ITEM-TYPE and have description (DESC). There may be more than one such addresses for each supplier and the price charged by each supplier for each item type is stored. Identify the entities and relationships for this organization and construct an E-R diagram.
17. Assume we have the following application that models soccer teams, the games they play, and the players in each team. In the design, we want to capture the following:
- We have a set of teams, each team has an ID (unique identifier), name, main stadium, and to which city this team belongs.
 - Each team has many players, and each player belongs to one team. Each player has a number(unique identifier), name, DoB, start year, and shirt number that he uses.
 - Teams play matches, in each match there is a host team and a guest team. The match takes place in the stadium of the host team.
 - For each match we need to keep track of the following:
 - The date on which the game is played
 - The final result of the match
 - The players participated in the match. For each player, how many goals he scored, whether or not he took yellow card, and whether or not he took red card.
 - During the match, one player may substitute another player. We want to capture this substitution and the time at which it took place.
 - Each match has exactly three referees. For each referee we have an ID (unique identifier), name, DoB, years of experience. One referee is the main referee and the other two are assistant referee.
- Design an ER diagram to capture the above requirements. State any assumptions you have that affects your design (use the back of the page if needed). Make sure cardinalities and primary keys are clear.
18. What kind of data model supports a top-down data structure to store data? What are its advantages and disadvantages?
19. How do you transform a many-to-many relationship into a relation? Give example.
20. How can we identify individual instances of a weak entity set? Describe how schema for a weak entity can be defined. How can we convert a weak entity set into a strong entity set?
21. Describe the structure of a DBMS. If your operating system is upgraded to support some new functions on OS files (e.g., the ability to force some sequence of bytes to disk), which layer(s) of the DBMS would you have to rewrite to take advantage of these new functions?
22. Computer Sciences Department frequent fliers have been complaining to Dane County Airport officials about the poor organization at the airport. As a result, the officials decided that all information related to the airport should be organized using a DBMS, and you have been hired to design the database. Your first task is to organize the information about all the airplanes stationed and maintained at the airport. The relevant information is as follows:
- 1) Every airplane has a registration number, and each airplane is of a specific model.
 - 2) The airport accommodates a number of airplane models, and each model is identified by a model number (e.g., DC-10) and has a capacity and a weight.
 - 3) A number of technicians work at the airport. You need to store the name, SSN, address, phone number, and salary of each technician.

- 4) Each technician is an expert on one or more plane model(s), and his or her expertise may overlap with that of other technicians. This information about technicians must also be recorded.
- 5) Traffic controllers must have an annual medical examination. For each traffic controller, you must store the date of the most recent exam.
- 6) All airport employees (including technicians) belong to a union. You must store the union membership number of each employee. You can assume that each employee is uniquely identified by a social security number.
- 7) The airport has a number of tests that are used periodically to ensure that airplanes are still airworthy. Each test has a Federal Aviation Administration (FAA) test number, a name, and a maximum possible score.
- 8) The FAA requires the airport to keep track of each time a given airplane is tested by a given technician using a given test. For each testing event, the information needed is the date, the number of hours the technician spent doing the test, and the score the airplane received on the test.

Draw an ER diagram for the airport database. Be sure to indicate the various attributes of each entity and relationship set; also specify the key and participation constraints for each relationship set. Specify any necessary overlap and covering constraints as well (in English).

The FAA passes a regulation that tests on a plane must be conducted by a technician who is an expert on that model. How would you express this constraint in the ER diagram? If you cannot express it, explain briefly.

23. Construct an ER Model for Student Administration System. Students who apply for a course are registered in the system. Short listed candidates are called for interview and their marks recorded. Selected candidates are admitted.
24. Explain how basic retrievals and modifications are done in a database using QBE language.
25. Explain the following with their advantages and disadvantages:
 - (a) Hierarchical database model
 - (b) Network database model
 - (c) Relational database model
 - (d) E-R data models
 - (e) Object-oriented data model.

UNIT III

I MULTIPLE CHOICE QUESTIONS:

1. What type of system tracks inventory and related business processes across departments and companies?
 - A. Strategic information systems
 - B. Data processing systems
 - C. Inventory management systems
 - D. Supply chain management systems

ANS: D

2. What type of system tracks and analyzes transactions made by customers?
- A. Decision support systems
 - B. Tactical systems
 - C. Customer relationship management systems
 - D. Knowledge base systems
- ANS: C
3. What type of system tracks and analyzes all of the activities in the sales process?
- A. Customer information systems
 - B. Decision support systems
 - C. Sales force automation systems
 - D. Sales process management systems
- ANS: C
4. What term is used to identify technology that is used to support many people working together on one project?
- A. E-collaboration
 - B. I-technology
 - C. Social networking
 - D. Knowledge management
- ANS: A
5. What term is used to identify people coming together from various geographical locations to complete some task?
- A. I-team
 - B. Virtual team
 - C. Online work group
 - D. Distributed team
- ANS: B
6. What type of Web site allows visitors to create and maintain information posted on its site?
- A. Open source site
 - B. Wiki
 - C. Knowledge construction sites
 - D. FTP site
- ANS: B
7. Which person oversees an organization's entire information system?
- A. CTO
 - B. CSO
 - C. CIO
 - D. CPO
- ANS: C

8. Which type of system includes all technology systems and software across an organization?
- A. Knowledge based systems
 - B. Strategic information systems
 - C. Enterprise resource planning systems
 - D. Management information systems

ANS: C

9. What is the term used to depict aged information systems that are technologically out-of-date?
- A. Outdated information systems
 - B. Obsolete systems
 - C. Archaic systems
 - D. Legacy information systems

ANS: D

10. Which of the following ERP providers specialize in providing financial management, distribution, manufacturing, project accounting, human resource management, and business analytics to small-to-medium businesses?
- A. SAP
 - B. Oracle/PeopleSoft
 - C. SSA Global
 - D. Microsoft

ANS: D

11. To do business process modeling the analyst needs business profile and.
- A. business constraints
 - B. business rules
 - C. business models
 - D. business drivers

ANS: C

12. The environment for the actual system operation is called the _____ environment.
- A. operational
 - B. test
 - C. management
 - D. analyst

ANS: A

13. A successful information system requires training for
- A. users
 - B. managers
 - C. IT staff members
 - D. all of the above

ANS: D

- 14 Operations Documentation Include
- A. Special forms required, including online forms
 - B. Error and informational messages to operators and restart procedures
 - C. Special instructions, such as security requirements
 - D. all of the above
- ANS: D
- 15 Written or other visual information about an application system, how it works, and how to use it best describes:
- A. System documentation
 - B. Operations Documentation
 - C. Message documentation
 - D. User documentation
- ANS: D
- 16 _____ are numbers or letters assigned in a specific order.
- A. Category codes
 - B. Alphabetic codes
 - C. Block sequence codes
 - D. Sequence codes
- ANS: D
- 17 Which of the following is not an external factor that will affect a project?
- A. Customers
 - B. Existing Systems
 - C. Economy
 - D. Technology
- ANS: B
- 18 Which of the following is not a main reason for a system request?
- A. Improved service
 - B. Support for new products and services
 - C. Better performance
 - D. Technology
- ANS: D
- 19 Which of the following is not considered when analyst analyze risk
- A. Probability
 - B. Financial impact of the risk.
 - C. Risk nature
 - D. Reliability
- ANS: D
- 20 Risk management can be defined as the art and science of _____ risk factors throughout the life cycle of a project.
- A. researching, reviewing, and acting on

- B. identifying, analyzing, and responding to
- C. reviewing, monitoring, and managing
- D. identifying, reviewing, and avoiding

ANS: A

- 21 Risk Management includes all of the following processes except:
- A. Risk Monitoring and Control
 - B. Risk Identification
 - C. Risk Avoidance
 - D. Risk Response Planning

ANS: C

- 22 A risk response which involves eliminating a threat is called:
- A. Deflection
 - B. Avoidance
 - C. Transfer
 - D. b and d

ANS: D

- 23 When should a risk be avoided?
- A. When the risk event has a low probability of occurrence and low impact
 - B. When the risk event is unacceptable -- generally one with a very high probability of occurrence and high impact
 - C. occurrence and high impact
 - D. When it can be transferred by purchasing insurance

ANS: B

- 24 An example of risk mitigation is:
- A. Using proven technology in the development of a product to lessen the probability that the product will not work
 - B. that the product will not work
 - C. Purchasing insurance
 - D. Accepting a lower profit if costs overrun

ANS: D

- 25 Risk mitigation involves all but which of the following:
- A. Developing system standards (policies, procedures, responsibility standards)
 - B. Obtaining insurance against loss
 - C. Identification of project risks
 - D. Performing contingent planning

ANS: C

II SHORT ANSWER TYPE QUESTIONS:

1. How is an information system a comparatively open system?
2. Identify the relationship between information and data. How is information a valuable organizational resource?

3. What are the dimensions of information relevant to business?
4. What is a system? Narrate its characteristics.
5. What are the different types of systems? Discuss the need for classifying systems.
6. Discuss the major characteristics of an open system. How does it differ from a closed system?
7. What are formal and informal systems? How do they differ?
8. Discuss the elements of a system and identify its boundary.
9. What are subsystems? How can a system be decomposed?
10. What is an adaptive system? How does it react to system stress and change?
11. What do you mean by critical success factors?
12. Explain Business Planning System.
13. What are the various risks in IS.
14. What are the different networking techniques used for IS.
15. What do you mean by data management?
16. What do you mean by hierarchical data model?
17. Discuss the criteria used for considering Outsourcing as an Option.
18. Describe the various Methods of Identifying Applications
19. Write short notes on Business Planning Systems
20. Discuss the recent trends in database.
21. Discuss the strategic issues in IS Planning.
22. The usefulness of a good Information System depends on the quality of data. Comment.
23. Explain Risks in Information Systems
24. What are the good qualities of a system designer? How are they relevant?
25. Discuss the main features of O.S.

II LONG ANSWER TYPE QUESTIONS:

1. What is the difference between System Development life cycle and Software Development life cycle?
2. Take a sales order processing system and break it in hierarchical structure showing all subsystems and their relationship.
3. What are the different types of information that a business needs? Identify the sources from which the relevant information may be collected.
4. What is the meaning of System Performance? How do you measure efficiency and effectiveness of the system? Do you need both or any one for a system?
5. Explain the concept of entropy used in system control? How would you use this concept in MIS?
6. Apply your understanding of system concepts to organization and how they are used in organization as a system?
7. Why are system reviews necessary? How often should such reviews take place? How do you decide?
8. Why are certain systems short-lived? What care would you take in designing the system that they are useful for longer period?
9. What is "Software life cycle"? What is the Water Fall Development method and do you agree with all the Steps?
10. Explain the various stages of SDLC in detail.

11. Design the aspects in which design is required during system development process
12. What is Prototyping approach of system development. What are its advantages and Limitation.
13. What is rapid application development approach of system development. What are its advantages and limitation.
14. What is End user Development approach of system development. What are its advantages and limitation.
15. Describe the strategic role of information systems in business. Why is the integration and aggregation important in information systems? Describe the advantages of management information systems in business management.
16. What IT enabled supply chain management
17. Compare SDLC Approach, Prototyping and Spiral Method for Systems design
18. Explain in detail the Logical and Physical Design of Information Systems. What is the significance of each and their differences.
19. Describe the role of IT in SIS.
20. What is the importance of business intelligence in SIS?
21. What tools are available for support of testing during Software Development life cycle?
22. What are the factors that are considered in planning the hardware and software requirements for an Information Systems in any organization?
23. Compare SDLC Approach, Prototyping and Spiral Method for Systems design
24. Explain the Physical and Logical Design of Information Systems. What is the significance of each and their differences.
25. Explain the various parameters or measures for evaluating information systems.

UNIT IV

I MULTIPLE CHOICE QUESTIONS:

1. Top level Managers use
 - A. Strategic information
 - B. Tactical information
 - C. Operational information
 - D. None of these
 ANS: A

2. Managers who are potential users of the MIS
 - A. Describe information needs
 - B. Identify alternate equipment configurations
 - C. Evaluate alternate equipment configurations
 - D. Select the optimum equipment configurations
 ANS: A

3. A person machine-system and a highly integrated grouping of information-processing functions designed to provide management with a comprehensive picture of specific operation is called
 - A. DSS

- B. MIS
- C. IIS
- D. All of the above

ANS: B

4 Which one of the following is not an approach for development of MIS ?

- A. Hierarchical approach
- B. Integrative approach
- C. Modular approach
- D. Elective approach

ANS: B

5 Which one of the following is not a business driver for an information system?

- A. business process redesign
- B. knowledge asset management
- C. proliferation of networks and the Internet
- D. security and privacy

ANS: C

6 HRIS stands for _____

- A. Human Resource Information System.
- B. HUDA Reserve Information System
- C. Human Refraction Information System
- D. Human Resource Institution System

ANS: C

7 Advantages of HR Database are _____

- A. Sharing of Data
- B. Improved Security
- C. Data Consistency
- D. All of the above

ANS: D

8 Information systems that monitor the elementary activities and transactions of the organizations are:

- A. Management-level system
- B. Operational-level system
- C. Knowledge-level system
- D. Strategic level system

ANS: A

9 Projections and responses to queries are information output characteristics associated with a(n):

- A. DSS
- B. MIS
- C. ESS

D. TPS

ANS: C

10 Summary transaction data, high-volume data, and simple models are information inputs characteristic of a(n):

A. DSS

B. MIS

C. ESS

D. TPS

ANS: B

11 Which of the following individuals typically have less formal, advanced educational degrees and tend to process rather than create information?

A. Knowledge workers

B. Executives

C. System analysts

D. Data workers

ANS: D

12 Management information systems usually:

A. Serve managers interested in weekly, monthly, and yearly results, not day-to-day activities.

B. Help managers make decisions that are unique, rapidly changing, and not easily specified in advance.

C. Provide managers with a generalized computing and telecommunications capacity that can be applied to a changing array of problems.

D. Perform and record the daily routine transactions necessary to the conduct of business.

ANS: A

13 Decision support systems usually:

A. Serve managers interested in weekly, monthly, and yearly results, not day-to-day activities.

B. Help managers make decisions that are unique, rapidly changing, and not easily specified in advance.

C. Provide managers with a generalized computing and telecommunications capacity that can be applied to a changing array of problems.

D. Perform and record the daily routine transactions necessary to the conduct of business.

ANS: B

14 Identifying customers and markets using data on demographics, markets, consumer behavior, and trends is an example of a(n):

A. Operational-level sales and marketing information system.

B. Knowledge-level sales and marketing information system.

C. Management-level sales and marketing information system.

D. Strategic-level sales and marketing information system.

ANS: B

15 Deciding where to locate new production facilities is a(n) example of a manufacturing and production information system operating at the:

- A. Operational level
- B. Management level
- C. Knowledge level
- D. Strategic level

ANS: D

16 Preparing short-term budgets is an example of a finance and accounting information system operating at the:

- A. Operational level
- B. Management level
- C. Knowledge level
- D. Strategic level

ANS: B

17. Tracking employee training, skills, and performance appraisals is an example of a human resource information system operating at the:

- A. Operational level
- B. Management level
- C. Knowledge level
- D. Strategic level

ANS: A

18 Assembling a product, identifying customers and hiring employees are:

- A. Transactions
- B. Phases
- C. Business processes
- D. Business functions

ANS: C

19 Which of the following is a network of facilities for procuring materials, transforming raw materials into intermediate and finished products, and distributing the finished products to customers?

- A. Production chain
- B. Primary chain
- C. Supply chain
- D. Distribution chain

ANS: D

20 Information systems can facilitate supply chain management by:

- A. Tracking the status of orders.
- B. Rapidly communicating orders.

- C. Providing product specifications.
- D. Doing all of the above.

ANS: D

- 21 Enterprise systems support:
- A. Manufacturing processes.
 - B. Financial and accounting processes.
 - C. Human resource processes.
 - D. All of the above.

ANS: D

- 22 A computer security protocol for logging in would be an example of the _____ component of an information system.
- A. software
 - B. hardware
 - C. data
 - D. procedure

ANS: C

- 23 Customer numbers and their names would be an example of the _____ component of an order management information system.
- A. software
 - B. hardware
 - C. data
 - D. procedure
 - E. people

ANS: E

- 24 Nonroutine cognitive skills include:
- A. communication.
 - B. problem-solving.
 - C. abstract reasoning.
 - D. collaboration.
 - E. All of the above.

ANS: B

- 25 The quality of your _____ is a large part of the quality of your information system.
- A. computer
 - B. thinking
 - C. time
 - D. challenges

ANS: A

II SHORT ANSWER TYPE QUESTIONS:

- 1 What are the components of Decision Support Systems.
- 2 Give the major applications of office automation. Define MIS. Give MIS importance.
- 3 Write in brief about Probabilistic systems.
- 4 Give the limitation of MIS.
- 5 Write in brief on Managing Value Chain.
- 6 Define Structured Information System.
- 7 What are the three outcomes in different decision-making conditions?
- 8 Give the advantages of computer-aided design.
- 9 Write short note on “Accounting System”.
- 10 Give a brief description of FIS.
- 11 Draw a diagram explaining the operations of a Inventory Information System.
- 12 How can an Expert system be developed. Write down the steps.
- 13 Write a short note on “Group Decision Support Systems”.
- 14 What are the components of Decision Support Systems.
- 15 Give the major applications of office automation.
- 16 Write in brief about TRANSACTION PROCESSING CYCLE.
- 17 Data Mining and its application in business.
- 18 Write short note on Expert Systems.
- 19 What are the components of Management Support Systems
- 20 Explain the Strategic Role of Information Systems.
- 21 Describe Strategic Information Systems Framework
- 22 Explain the Competitive Strategy of an Information- oriented organization.
- 23 What is a centralized processing system?
- 24 Differentiate between the centralized and distributed systems.
- 25 Explain multimedia approach to information processing.

III LONG ANSWER TYPE QUESTIONS:

- 1 Why is a business model necessary? How would you construct a model for following:
 - (a) Sales Model for Forecasting
 - (b) Production Model for Capacity Forecasting
 - (c) Business Model for Profitability Analysis
- 2 What is strategic planning? When does it assume importance in the business?
- 3 State the difference between MIS and a computer system. Why is MIS looked upon as a strategic need of management today?
- 4 If application science and MIS can be brought together the MIS design would be realistic and useful. Discuss.
- 5 Can you automate the process of decision making? The answer is ‘Yes’ and ‘No’. Explain. What best must be aimed at?
- 6 Explain the concept of entropy used in system control? How would you use this concept in MIS?
- 7 Explain the steps in the
 - (a) Transaction Processing System
 - (b) Data Processing System

- (c) Information Processing System
 - (d) Management Information Processing System
- 8 Explain the information needs of the following:
- (a) Corporate Planner
 - (b) Investment Analyst
 - (c) Job Chaser
 - (d) Administrator
- 9 What is the type of DSS that can be integrated in MIS and which are types not worthy of integration?
- 10 Identify E-business initiatives, which will drive companies to switch to electronic methods of managing the business. What are the typical characteristics of the business, where E-business will give large benefits?
- 11 What are the different risks involved in using MIS in business organizations and how can these be addressed?
- 12 What are the advantages and disadvantages of outsourcing IT?
- 13 What is an information system? What are its components? How is it useful for an organization? Explain
- 14 Explain the term “Competitive Advantage”. How does it differ from Strategic Advantage? Explain with an example.
- 15 Distinguish between Data, information and knowledge giving examples of each?
- 16 Describe relationship between TPS, MIS, DSS, ESS.
- 17 Contrast between Information Architecture and Information Infrastructure.
- 18 Differentiate between
- a) Open and Closed System
 - b) Probabilistic and Deterministic System
 - c) Data and Information
- 19 What do you understand by Information Infrastructure and Information Architecture?
- 20 List and describe any four reasons why information systems are so important for businesses today?
- 21 The companies today cannot do without Management Information Systems. Comment. What is the role played by Management Information System in organizations? Give suitable examples.
- 22 What is the difference between a Management Information System and a Decision Support System? Explain using the examples where each may be useful.
- 23 What is knowledge Management System? Why do organizations need knowledge Management Systems? Give supporting example.
- 24 Explain with examples, how does Information System give competitive and strategic advantage to the organization?
- 25 Discuss the Value Chain Analysis for an IT firm. Draw suitable flowchart

QUESTION BANK

INVESTMENT MANAGEMENT

BCOM 311

QUESTION BANK
INVESTMENT MANAGEMENT - BCOM 311
B.COM V

UNIT – I

I MULTIPLE CHOICE QUESTIONS:

1. Political constancy is chief aspect concerning
 - A. Exchange risk
 - B. Systematic risk
 - C. Non-systematic risk
 - D. Country riskANS: D

2. Systematic risk is higher when:
 - A. $A > 0$.
 - B. $A < 0$.
 - C. $A > 1$.
 - D. $B > 1$ANS: A

3. In the stock-price beta estimation for the Coca-Cola Company, the dependent variable is the:
 - A. Return on Coca-Cola.
 - B. Price of Coca-Cola stock.
 - C. Return on the S&P 500.
 - D. Value of the S&P 500 Index.ANS: D

4. If the beta of a stock is 1.8 and the overall market declines 20%, the expected return is:
 - A. -36%
 - B. -18%.
 - C. -20%.
 - D. -28%ANS: A

5. Total risk for common stocks is:
 - A. The sum of systematic risk and diversifiable risk.
 - B. Measured by beta.
 - C. The sum of market risk and systematic risk.
 - D. The sum of diversifiable risk and unsystematic riskANS: A

6. The tracking error of an optimized portfolio can be expressed in terms of the _____ of the portfolio and thus reveal _____.
- A. Return; portfolio performance
 - B. Total risk; portfolio performance
 - C. Beta; portfolio performance
 - D. Beta; benchmark risk
 - E. Relative return; benchmark risk
- ANS: C

7. A portfolio comprises of two stocks A and B. Stock A gives a return of 8% and stock B Gives a return of 7%. Stock A has a weight of 60% in the portfolio. What is the Portfolio Return?
- A. 9%
 - B. 11%
 - C. 10%
 - D. 8%
- ANS: D

8. Shares which are not affected by market movements are known as:
- A. Offensive shares
 - B. Growth shares
 - C. Defensive shares
 - D. Income shares
- ANS: C

9. Exposure indicates
- A. Sensitivity to changes in risk
 - B. Sensitivity to changes in asset prices
 - C. Sensitivity to changes in portfolio
 - D. Sensitivity to changes in assets
- ANS: D

10. Which of the following securities is most liquid?
- A. Money market instruments
 - B. Capital market instruments
 - C. Gilt-edged securities
 - D. Index Futures
 - E. Stock options
- ANS: B

11. Which of the following goals will be considered by the individuals who invest in upcoming companies and wait till the companies to grow and then harvest their profits and move on to other company?
- A. Short-term high priority goals
 - B. Money making goals
 - C. Long-term high priority goals

- D. Lower priority goals
- E. No goals.

ANS: C

12. A purely passive strategy is defined as
- A. One that uses only index funds.
 - B. One that allocates assets in fixed proportions that do not vary with market conditions.
 - C. One that is mean-variance efficient.
 - D. Both A and B.
 - E. All of the above.

ANS: B

13. An industry in the expansion stage of its life cycle is indicated by its
- A. Low P/E Ratio.
 - B. High P/E Ratio.
 - C. High Dividend Pay-Out Ratio
 - D. High Default
 - E. High Debt Equity Ratio

ANS: D

14. Which of the following is true of municipal government debt?
- A. It pays more interest than corporate debt.
 - B. It is often purchased by individuals with high incomes.
 - C. It is exempt from estate taxation.
 - D. It is not subject to interest rate risk.

ANS: B

15. The net asset value of a mutual fund investing in stock rises with
- A. Higher stock prices
 - B. Lower equity values
 - C. An increased number of shares
 - D. Increased liabilities

ANS: B

16. Equity does NOT include
- A. Cash and paid-in capital
 - B. Common stock and paid-in capital
 - C. Paid-in capital and retained earnings
 - D. Common stock, paid-in capital and retained earnings

ANS: A

17. A liquid asset may
- A. Be converted into cash
 - B. Be converted into cash with little chance of loss
 - C. Not be converted into cash
 - D. Not be converted without loss

ANS: B

18. A negatively sloped yield curve suggests that
- A. Short-term rates exceed long-term rates, and the Federal Reserve is following a tight monetary policy
 - B. Short-term rates exceed long-term rates, and the Federal Reserve is following an easy monetary policy
 - C. Long-term rates exceed short-term rates, and the Federal Reserve is following a tight monetary policy
 - D. Long-term rates exceed short-term rates, and the Federal Reserve is following an easy monetary policy

ANS: A

19. The market price of a bond depends on the
- A. Coupon rate, and terms of the indenture
 - B. Coupon rate, and maturity date
 - C. Terms of the indenture, and maturity date
 - D. Coupon rate, terms of the indenture, and maturity date

ANS: D

20. While bond prices fluctuate,
- A. Yields are constant
 - B. Coupons are constant
 - C. The spread between yields is constant
 - D. Short-term bond prices fluctuate even more

ANS: B

21. If interest rates rise, the price of preferred stock
- A. Is not affected
 - B. Rises
 - C. Falls
 - D. May rise or fall

ANS: C

22. Municipal government debt
- A. Pays more interest than corporate debt
 - B. Is often purchased by individuals with high incomes
 - C. Is exempt from estate taxation
 - D. Is not subject to interest rate risk

ANS: B

23. The use of financial leverage by a firm may be measured by the
- A. Ratio of debt to total assets
 - B. Firm's beta coefficient
 - C. Firm's retention of earnings

D. Ratio of the price of the firm's stock price to its earnings

ANS: A

24. An example of a depreciable asset is

A. Land

B. Cash

C. Accounts receivable

D. Equipment

ANS: D

25. As the debt ratio increases,

A. Fewer assets are debt-financed, and the ratio of debt-to-equity increases

B. Fewer assets are debt-financed, and the ratio of debt-to-equity decreases

C. More assets are debt-financed, and the ratio of debt-to-equity increases

D. More assets are debt-financed, and the ratio of debt-to-equity decreases

ANS: C

II SHORT ANSWER TYPE QUESTIONS:

1 Define the term investment.

2 Define the term speculation

3 Define the term gambling.

4 How investment is different from speculation and gambling?

5 What do you mean by financial engineering?

6 What is money market?

7 What do you mean by margin trading?

8 What do you mean by impact cost?

9 What do you mean by circuit breakers?

10 What is Red Herring prospectus?

11 What is free float methodology of calculating index?

12 What do you mean by Green Shoe Option (GSO)?

13 What do you mean by bought deals?

14 What do you mean by reverse engineering?

15 What is Purchasing Power risk?

16 Write a note on private equity.

17 Write a note on Zero Coupon Yield Curve

18 Explain and contrast the application of Trend valuation equation

19 Explain and contrast the application of Trend-current valuation equation

20 Explain and contrast the application of ABE valuation equation

21 Explain and contrast the application of Random valuation equation in finding the optimal risk-return on an investment

22 Define non-voting shares.

23 Why does an investor need stock market indices

24 write a note on ULIP and SIP.

25 why do investors invest in gold and silver?

III LONG ANSWER TYPE QUESTIONS:

1. Differentiate between interest risk and inflation risk.
2. Some financial theorists consider the variance of the distribution of expected rates of return to be a good measure of uncertainty. Discuss the reasoning behind this measure of risk and its purpose.
3. Discuss the three components of an investor's required rate of return on an investment.
4. Define a bond and explain different types of bonds available in India.
5. How an Exchange Traded Fund (ETF) is created? Explain the mechanism and benefits of investment in an ETF.
6. What is risk? How is it different from uncertainty? Define different sources of risks exist in investment in the Indian stock market.
7. What do you mean by invest investment decision process? How it is going to help investor in making sound investment decision?
8. Explain and differentiate hedging, arbitrage and diversification as strategies of investments.
9. Write a note on different participants in financial market. Name the regulatory bodies operating in India?
10. What do you mean by merchant bankers? What are different types of merchant bankers?
11. What do mean by financial system? Explain the financial system in India. What are the functions of a sound financial system?
12. Discuss the three components of an investor's required rate of return on an investment.
13. Discuss the two major factors that determine the market nominal risk-free rate (NRFR).
14. Explain which of these factors would be more volatile over the business cycle.
15. Briefly discuss the five fundamental factors that influence the risk premium of an investment.
16. How do the following investments compare in terms of return, risk, marketability, tax shelter, and convenience ; equity shares, bank deposits, public provident fund, residential house arid gold?
17. Differentiate risk and exposure.
18. Define social risk and its impact on stock markets.
19. Highlights the role of market risk in the analysis of total risk in a portfolio?
20. Explain the kind of risk measured by Beta.
21. Differentiate between systematic and unsystematic risk.
22. Enumerate the various techniques of risk measurement.
23. How beta is superior to various other techniques of risk measurement?
24. Mutual funds offer best returns. Discuss
25. why do investors add real estate in their portfolio?

UNIT – II

I MULTIPLE CHOICE QUESTIONS:

1. Creating public prices for securities and providing liquidity to investors are functions of:
 - A. the primary market
 - B. the secondary market

- C. third market
- D. fourth market

ANS: B

1. Which of the following is not a characteristic of an exchange?
- A. It requires one to be a member in order to be allowed to trade.
 - B. It allows securities to be listed on more than one exchange.
 - C. It provides liquidity to individuals who acquire securities in the primary market.
 - D. Stocks traded on an exchange must meet minimum listing requirements.
 - E. It allows exchange-listed issues to trade off the exchange floor with the aid of brokers.

ANS: E

2. Which of the following is a false statement about the over-the-counter market?
- A. Its market maker is called a dealer.
 - B. It is a telephone and computer-linked network for trading securities.
 - C. Larger issues of over-the-counter stocks are listed on the National Market System.
 - D. It only trades stocks of small firms.
 - E. Securities listed in the over-the-counter market are not listed on an exchange.

ANS: D

3. The exchange generating the largest volume in the United States is the:
- A. American Stock Exchange
 - B. Chicago Stock Exchange
 - C. National Market System
 - D. Pacific Stock Exchange
 - E. New York Stock Exchange

ANS: E

4. An example of a call market is the:
- A. New York Stock Exchange
 - B. Hong Kong Stock Exchange
 - C. Pacific Stock Exchange
 - D. American Stock Exchange
 - E. National Market System

ANS: B

5. An order to buy or sell a specified quantity of a stock at a specified price or better is called a:
- A. limit order
 - B. not-held order
 - C. market order
 - D. day order
 - E. stop order

ANS: A

6. The bid-ask spread set by the market maker is determined by the:
- A. fixed operating cost
 - B. likelihood of trading with those who have superior information
 - C. stock exchange
 - D. cost of financing the inventory of securities
 - E. non-financing variable cost per transaction
- ANS: C
7. Which of the following is not an explanation often given for initial price offering under pricing?
- A. Scalping
 - B. Appraisal cost
 - C. Information asymmetry
 - D. Private placement
 - E. Liquidity
- ANS: D
8. A _____ is a person who acts as an intermediary between a buyer or seller in the market.
- A. Dealer
 - B. Broker
 - C. floor broker
 - D. specialist
 - E. registered competitive trader
- ANS: B
9. Which of the following statements is false?
- A. A bond issuer must pay periodic interest.
 - B. Bonds carry no corporate ownership privileges.
 - C. Bond prices remain fixed over time.
 - D. A bond is a financial contract.
- ANS: C
10. Which of the following statements is true?
- A. Generally speaking, bonds are riskier than common stocks.
 - B. Low inflation is expected to have a negative effect on bond prices.
 - C. Bonds are usually less liquid than stocks.
 - D. A bondholder repays principal when the bond matures.
- ANS: C
11. Most bonds:
- A. are interest-bearing obligations of governments or corporations.
 - B. give bondholders a voice in the affairs of the corporation.
 - C. are money market securities.
 - D. are floating-rate securities.
- ANS: A

12. Which of the following is not an advantage of investing in bonds?
- A. Bonds are good sources of current income.
 - B. Bonds have unlimited profit potential.
 - C. Bond investments are relatively safe from large losses.
 - D. Bondholders receive their payments before shareholders can be compensated.

ANS: B

13. Financial assets are also called:
- A. tangible assets.
 - B. Securities
 - C. real assets.
 - D. physical assets.

ANS: B

14. Which of the following types of assets represents ownership interest in a corporation?
- A. Stocks
 - B. Bonds
 - C. Options
 - D. Futures

ANS: A

15. Which of the following types of financial assets represents a creditor relationship with an entity?
- A. Options
 - B. Futures
 - C. Stocks
 - D. Bonds

ANS: A

16. Which of the following types of assets offers the highest expected return?
- A. Long-term government bonds.
 - B. Options and futures.
 - C. Stocks
 - D. Long-term corporate bonds.

ANS: B

17. Which of the following types of assets is least risky?
- A. Stocks
 - B. Options and futures.
 - C. Long-term corporate bonds.
 - D. Short-term corporate bonds.

ANS: D

18. Which of the following is a money market security?
A. Repurchase agreements.
B. Municipal bonds.
C. Mortgages.
D. U.S. Treasury notes.
ANS: A
19. Which of the following is a capital market security?
A. Federal funds.
B. Federal agency bonds.
C. Eurodollars.
D. Treasury bills.
ANS: B
20. Which of the following provides income that is fully exempt from taxation for the individual investor?
A. Preferred stocks.
B. Municipal bonds.
C. Treasury bills.
D. Treasury notes.
ANS: B
21. Bond prices decrease when inflation increases.
A. True
B. False
ANS: A
22. Common stock is an example of a capital market security.
A. True
B. False
ANS: A
23. Commercial paper is riskier than Treasury bills.
A. True
B. False
ANS: A

II SHORT ANSWER TYPE QUESTIONS:

1. Bill buys a \$1000 par value 10-year bond for \$850. It pays \$75 a year in interest. Calculate Bill's yield to maturity on the bond using a financial calculator or software.
2. What is the difference between buying a call option and buying a futures contract? Distinguish among interest rate risk, price risk, and reinvestment rate risk for bondholders
3. What are the advantages and disadvantages of investing in bonds?
4. What are the major identifying characteristics of bonds?
5. What is the P/E ratio, and how is it calculated?

6. Divide the following assets into marketable and non-marketable assets: common stock, stamps, art, bonds, real estate, super computers, and mutual funds
7. You are considering opening up a department store or purchasing shares of stock in a national chain of department stores such as Dayton Hudson traded on the NYSE. Which of the two investments have a more flexible investment holding period? Which is more liquid?
8. A bond is sold for \$700 and matures in 5 years. It pays \$20 at the end of each year. The par value is \$1,000. Calculate the yield to maturity (IRR) on the bond using a calculator or software.
9. The P/E ratio of a stock is 10. The price is \$100 per share. What are the implied earnings per share?
10. The net asset value of a mutual fund is \$12. The share price is \$13.
 - (a) Is it an open-end fund or a closed-end fund?
 - (b) Calculate the premium or discount.
11. Suppose you buy a stock for \$100. You receive \$4 as a cash dividend at the end of the year. The stock price at the end of the year is \$95.
 - (a) What is the rate of return on your investment?
 - (b) What is the dividend yield as measured at the beginning of the year? At the end of the year?
12. Mention two main significance of Stock Exchange.
13. What are future contracts?
14. What is SENSEX?
15. Mention the type of speculators present in stock market.
16. What do you mean by Depository Participant?
17. Mention two differences between Exchange Market & OTC Market
18. Name any two depositories of India
19. Write full form of NASDAQ.
20. Who is a jobber?
21. What do you mean by Foreign Institutional Investors?
22. What is a primary market?
23. What is a secondary market?
24. What is private placement
25. What is a dealer market?

III LONG ANSWER TYPE QUESTIONS:

1. What is stock exchange? Discuss the organization and management of stock exchanges in India.
2. Explain in brief about NSE and trading system on NSE.
3. Discuss provisions of SCR Act, 1956 relating to recognition of Stock Exchange
4. Explain the duties of Brokers.
5. Write a short note on NSE.
6. Who are Speculators? What are the types of Speculators?
7. Discuss the functions and importance of Clearing House in Stock Market.
8. What Is The Difference Between Primary and Secondary Market?
9. Buy-back of Securities by Company

10. Write a note on Withdrawal of Admission to Dealings or Delisting on the Exchange
11. Explain the role of market intermediaries
12. What is listing of shares? Describe the advantages provided for listing.
13. What documents should be filed for listing of shares?
14. Discuss the sources of financial information
15. Distinguish between new issue market and stock market. Is their role complementary or competitive?
16. What is a stock market index?
17. Discuss the difference between BSE stock index and NIFTY index.
18. Give a list of the players and participants in new issue market and stock market.
19. What is a depository? What is the procedure for dematerialization of shares?
20. Explain the terms:
 - (a) red herring prospectus
 - (b) employees stock option
21. Explain the terms:
 - (a) green shoe option
 - (b) book building
21. How has SEBI regulated: (a) stock brokers (b) insider trading
22. Discuss the different types of bonds. How would you evaluate a convertible bond?
23. What is a warrant? How is it different from right shares?
24. What are the features of an equity stock? Do you think an investor should purchase equity shares or invest in bonds? Give some objectives of issuing bonds.

UNIT – III

I MULTIPLE CHOICE QUESTIONS:

1. The value of a bond and debenture is
 - A. Present value of interest payments it gets
 - B. Present value of contractual payments it gets till maturity
 - C. Present value of redemption amount
 - D. None of the above
 ANS: D

2. Required rate of return > Coupon rate, the bond will be valued at
 - A. Premium
 - B. Par value
 - C. Discount
 - D. None of the above.
 ANS: C

3. If the coupon rate is constant, the value of bond when close to maturity will be
 - A. Issued value
 - B. Par value
 - C. Redemption value
 - D. All of the above

ANS: C

4. A bond is said to be issued at premium when
- A. Coupon rate > Required returns
 - B. Coupon rate = Required returns
 - C. Coupon rate
 - D. None of the above

ANS: A

5. Value of a bond just depends on the interest payment it offers.
- A. True
 - B. False

ANS: B

6. In a variable growth model, the dividend is believed to grow at a constant pace forever after an initial growth period.
- A. True
 - B. False

ANS: A

7. For a bond YTM is always equal to coupon rate.
- A. True
 - B. False

ANS: B

8. Long period of bond maturity leads to
- A. more price change
 - B. stable prices
 - C. standing prices
 - D. mature prices

ANS: A

9. If coupon rate is equal to going rate of interest then bond will be sold
- A. at par value
 - B. below its par value
 - C. more than its par value
 - D. seasoned par value

ANS: A

10. Falling interest rate leads change to bondholder income which is
- A. reduction in income
 - B. increment in income
 - C. matured income
 - D. frequent income

ANS: A

11. Bonds issued by corporations and exposed to default risk are classified as
- A. corporation bonds
 - B. default bonds
 - C. risk bonds
 - D. zero risk bonds
- ANS: A
12. Which of the following might be found in a bond indenture?
- A. A dividend restriction clause.
 - B. A subordination clause.
 - C. A sinking fund clause.
 - D. All of the above.
- ANS: D
13. The contract between a bond issuer and a bondholder is called:
- A. a debenture.
 - B. a charter.
 - C. a general obligation.
 - D. an indenture.
 - E. a collateral.
- ANS: D
14. Which of the following would cause the required return on a bond to increase, everything else held equal?
- A. The bond's rating changes from B to BB.
 - B. The bond is senior to the issuer's other bonds.
 - C. The borrower is subject to dividend restrictions.
 - D. The bond is callable.
 - E. The bond's rating changes from BBB to A.
- ANS: D
15. "The yield curve will be downward sloping if the market believes that future short-term interest rates will be less than current short-term interest rate." This statement about the term structure of interest rates is most consistent with the:
- A. forward rate hypothesis.
 - B. market segmentations hypothesis.
 - C. liquidity preference hypothesis.
 - D. Local expectations hypothesis
 - E. unbiased expectations hypothesis
- ANS: E
16. Which of the following is another name for an unsecured bond?
- A. Obligation trust bond
 - B. Junk bond.
 - C. Speculative bond.
 - D. Debenture.

ANS: A

17. Which of the following would cause a bond's required return to increase?
- A. Bond is convertible.
 - B. Rating changes from B to BB.
 - C. Dividend restrictions.
 - D. Call provision.
 - E. Bond is backed by specific collateral.

ANS: D

18. Which of the following causes a lower required return on a bond?
- A. The bond is callable.
 - B. The bond is convertible.
 - C. The bond's rating changes from AA to A.
 - D. Both the first and third option.
 - E. Both the second and third option

ANS: B

19. Which of the following causes a lower required return on a bond?
- A. Dividend restrictions are placed on the company.
 - B. The bond is subordinated to other debt.
 - C. The bond has no collateral.
 - D. Both the first and second option.
 - E. Both the first and third option.

ANS: A

20. Lara wants to buy a bond and hold it until it matures. Which of the following must occur if Lara is to realize a holding period return equal to the bond's yield to maturity?
- A. She must reinvest all coupons to earn the yield to maturity.
 - B. The issuer must not call the bond away early.
 - C. The issuer must make all payments in full and on schedule.
 - D. All of the above must occur.
 - E. Only the first and second options are necessary.

ANS: D

21. Bonds rated double A and higher are called:
- A. speculative grade bonds.
 - B. supreme bonds.
 - C. high-grade bonds.
 - D. investment grade bonds.

ANS: C

22. Long period of bond maturity leads to
- A. more price change
 - B. stable prices
 - C. standing prices

D. mature prices

ANS: A

23. If coupon rate is equal to going rate of interest then bond will be sold

A. at par value

B. below its par value

C. more than its par value

D. seasoned par value

ANS: A

24. Falling interest rate leads change to bondholder income which is

A. reduction in income

B. increment in income

C. matured income

D. frequent income

ANS: A

25. Bonds issued by corporations and exposed to default risk are classified as

A. corporation bonds

B. default bonds

C. risk bonds

D. zero risk bonds

ANS: A

II SHORT ANSWER TYPE QUESTIONS:

1. Explain the Yield to Maturity Equation.

2. What is zero interest fully convertible bond?

3. What is bond indenture?

4. What is intrinsic value of a bond?

5. Distinguish between YTM and YTC.

6. What is credit rating?

7. How is credit rating relevant for investors?

8. Distinguish between current yield and holding period yield.

9. What is YTM?

10. Discuss the importance of YTM.

11. How is YTM calculated?

12. Equity shares are a good investment. Discuss

13. What are the features of an equity stock?

14. Distinguish between coupon rate and required rate of return.

15. Do you think an investor should purchase equity shares or invest in bonds?

16. Explain the importance of earnings, dividends and required rate of return in estimating the value of equity stock.

17. Discuss the different approaches in valuation of equity shares.

18. What is a P/E ratio?

19. How is P/E ratio different from V/E ratio?

20. What is CAPM Model?
21. What is constant dividend model?
22. Explain the Gordon's Model.
23. Explain walter's model.
24. A bond of Rs 5,000 bearing coupon rate of 10% and redeemable in 10 years in being traded at Rs. 5,300. Find the YTM of the bond.
25. A bond of Rs 4,000 bearing coupon rate of 10% and redeemable in 10 years in being traded at Rs. 4,500. Find the YTM of the bond.

III LONG ANSWER TYPE QUESTIONS:

1. "Stocks are considered to be risky but bonds are not". This is not fully current-Elucidate
2. How would you assess the present value of a bond? Explain the various bond value theorems with examples.
3. Discuss the term structure of the interest rate?
4. How do theories explain the term structure of the interest rate?
5. What is meant by duration? Explain the relationship between duration and price change.
6. Find out the yield to maturity on a 8% 5 year bond selling at Rs 105.
7. How would you immunize the bond portfolio using the immunization technique?
8. Determine the present value of the bond with a face value of Rs. 1000, coupon rate of rs. 90, a maturity period of 10 years for the expected yield to maturity of 8%.
9. If N is equal to 7 years in the above example, determine the present value of the bond. Discuss the effect of the maturity period on the value of the bond.
10. Describe the following measures of value: book value, liquidation value and replacement cost. How useful are they?
11. Discuss the constant growth dividend model.
12. What factors drive growth?
13. Explain the two stage growth model.
14. Discuss the H model.
15. What is the impact of growth on price, dividend yield, capital gains yield and price-earnings ratio?
16. What are the key determinants of the price-earnings multiple?
17. What is E/P ratio? How is it used?
18. Describe the SOTP METHOD OF VALUATION.
19. How can one forecast the aggregate stock market return?
20. State and illustrate the formula to find the approximate YTM on a bond.
21. What is the relationship between bond price and time?
22. State the valuation formula for a bond which pays interest semi-annually.
23. State the basic bond valuation formula.
24. Discuss the risk which debt instruments are subject to.
25. Discuss the key determinants of interest rates.

UNIT – IV

I MULTIPLE CHOICE QUESTIONS:

1. A top down analysis of a firm starts with _____.
 - A. the relative value of the firm
 - B. the absolute value of the firm
 - C. the domestic economy
 - D. the global economy
 - E. the industry outlookANS: D

2. Studies of stock price reactions to news are called
 - A. reaction studies.
 - B. event studies.
 - C. drift studies.
 - D. both reaction studies and drift studies.
 - E. both event studies and drift studies.ANS: B

3. _____ was the grandfather of technical analysis.
 - A. Harry Markowitz
 - B. William Sharpe
 - C. Charles Dow
 - D. Benjamin Graham
 - E. none of the aboveANS: C

4. The goal of the Dow theory is to
 - A. identify head and shoulder patterns.
 - B. identify breakaway points.
 - C. identify resistance levels.
 - D. identify support levels.
 - E. identify long-term trends.ANS: E

5. A long-term movement of prices, lasting from several months to years is called _____.
 - A. a minor trend
 - B. a primary trend
 - C. an intermediate trend
 - D. trend analysis
 - E. B and DANS: B

6. Two popular moving average periods are
- A. 90-day and 52 week
 - B. 180-day and three year
 - C. 180-day two year
 - D. 200-day and 53 week
 - E. 200-day and two year

ANS: D

7. The most extreme form(s) of the Efficient Market Hypothesis (EMH) is
- A. Weak form
 - B. Semi-Strong form
 - C. Super Strong form
 - D. Near Strong form
 - E. Semi-Weak form

ANS: C

8. Which of the following statements pertaining to the Efficient Market Hypothesis (EMH) is/ are true?
- A. Successive short run absolute price changes are independent
 - B. Successive short run absolute price changes are dependent
 - C. Market comprises of rational investors
 - D. Weak Form of EMH is also known as random walk model
 - E. All of (a), (c) and (d) above

ANS: E

9. According to the Efficient Market Hypothesis (EMH)
- I. Stocks with smaller beta will be consistently overpriced.
 - II. Stocks with higher beta will be consistently underpriced.
 - III. Positive alphas on stocks will not remain for a longer period.
- A. Only (I) above
 - B. Only (III) above
 - C. Both (I) and (II) above
 - D. Both (II) and (III) above
 - E. All (I), (II) and (III) above

ANS: B

10. Which of the following statements is false with respect to different features of an efficient market?
- A. Information arbitrage efficiency is said to exist, if the participants do not have any scope to reap abnormal profits using information that is of common knowledge
 - B. Fundamental valuation efficiency is said to exist, if the price of an asset is neither undervalued nor overvalued
 - C. Full insurance efficiency is said to exist, if participants can adopt hedging as an effective tool against possible risk in future
 - D. Operational efficiency is said to exist, if the operating costs are minimum possible to participants, but still provides a fair return to the intermediaries for their services

- E. Allocation efficiency is said to exist, if the market channelizes resources into projects where the marginal efficiency of capital adjusted for risk differences is lowest
ANS: E
11. If security prices exhibits semi-strong form of efficiency, one will not gain if he
A. Depicts the prices in the form of charts to identify pattern which will beat the market.
B. Buys stock of a company which has declared a bonus issue or has gone for a stock split
C. Refers to insiders' advice
D. All of the above
E. Both (a) and (b) above.
ANS: E
12. _____ would mean that no investor would be able to outperform the market with trading strategies based on publicly available information.
A. Semi strong form efficiency
B. Weak-form efficiency
C. Strong form efficiency
ANS: A
13. The need to have an understanding about the ability of the market to imbibe information into the prices has led to countless attempts to study and characterize the levels of efficiency of different segments of the financial markets.
A. True
B. False
ANS: A
14. If the market is _____, the period after a favorable (unfavorable) event would not generate returns beyond (less than) what is suggested by an equilibrium model such as CAPM
A. Semi strong form efficiency
B. Weak-form efficiency
C. Strong form efficiency
ANS: A
15. Markets are inefficient when prices of securities assimilate and reflect information about them.
A. True
B. False
ANS: A
16. Stock returns are generally expected to be independent across weekdays, but a number of studies have found returns on Monday to be lower than in the rest of the week. This departure from market efficiency is also sometimes called the _____ effect.
A. Monday-Friday
B. Weekday

- C. Monday
- D. Weekend

ANS: B

17. Fundamental analysis focuses on predicting the future price of a security and Technical analysis on estimating the intrinsic value of a security.

- A. False
- B. True

ANS: A

18. Under _____ EMH investors cannot earn abnormal/superior profits on securities on a consistent basis.

- A. Weak-form efficient
- B. Strong form efficient
- C. Semi-strong form efficient

ANS: C

19. Which are the popular types of orders placed through an online trading account?

- A. Limit orders
- B. Market orders
- C. Stop loss order
- D. All of the above

ANS: D

20. What are the features of line charts?

- A. It connects closing prices from one period to the next
- B. It connects low prices from one period to the next
- C. It connects high prices from one period to the next
- D. None of the above

ANS: A

21. What is the art of technical analysis?

- A. To identify trend changes at an early stage and maintain investment posture till the trend has reversed
- B. To know the type of security to invest in.
- C. To know the under and over priced shares.
- D. None of the above

ANS: E

22. A _____ provides an account of the total revenue generated by a firm during a period (usually a financial year, or a quarter)

- A. Accounting analysis statement
- B. financial re-engineering statement
- C. promotional expenses statement
- D. profit& loss statement

ANS: D

23. What is Bottom-Up approach also known as?
 A. Company-industry-economy approach
 B. Economy -industry-Company approach
 C. Industry-economy-Company approach
 D. Company -economy-industry approach
 ANS: A
24. The objective of fundamental analysis for a security in a market is to identify either it is:
 A. Under priced
 B. Over priced
 C. Both under priced and over priced
 D. None of the above
 ANS: C
25. The daily opening price is represented on a candlestick chart by the:
 A. channel.
 B. real body.
 C. trendline.
 D. shadow.
 ANS: B

II SHORT ANSWER TYPE QUESTIONS:

1. Discuss the various forms of market efficiency.
2. What is an event study? It is a test of what form of market efficiency?
3. Why might the degree of market efficiency differ across various markets? State three reasons why this might occur?
4. With regard to market efficiency, what is meant by the term "anomaly"?
5. What is Top down approach?
6. Differentiate between industry life cycle and business life cycle
7. What is primary trend and secondary trend
8. What is PE ratio? How to calculate it?
9. What do you mean Hammer candle?
10. What do you mean by double tops and bottom?
11. What is EMA?
12. Differentiate systematic and unsystematic risk.
13. What is EMH approach to stock market?
14. What is Shaven bottle candle?
15. What is Economic Value Added?
16. What do you mean by Random Walk
17. What is Relative Strength Index?
18. What is ROC?
19. Explain Bollinger Bands.

20. Briefly explain two major roles or responsibilities of portfolio managers in an efficient market environment.
21. What is bottom down approach?
22. What is the purpose of computing a moving-average line for a stock?
23. Why is it not feasible to use the dividend discount model in the valuation of true growth companies?
24. Explain Elliott Wave Theory.
25. Explain the Dow theory with the help of diagrams.

III LONG ANSWER / PRACTICAL QUESTIONS:

1. Explain the technical analysis. How is it different from fundamental analysis?
2. Describe briefly the relevance and essence of fundamental analysis and technical analysis for an individual investor. How he can be benefited from these?
3. What do you understand by security analysis? Describe the basic approaches to security analysis.
4. Describe briefly the relevance and essence of fundamental analysis for an individual investor. How he can be benefited from these?
5. 'Industry life cycle presents the current position of an industry and helps in identifying entry and exit timing for investors'. Explain and examine.
6. What are techniques of economic analysis? How is the economic analysis useful for investment decision?
7. Under the efficient market hypothesis, what is the assumption about the processing of new information and what effect does this have on the share prices?
8. What are the major sources of information used in fundamental and technical analysis?
9. How does information get into prices? If market prices reflect all information, we only need to look at prices. But if everyone looks only at the prices (nothing else), how could prices reflect any information?
10. Which technical analysis indicator works the best for determining the strength of a trend and which settings?
11. Explain Dow Jones theory of technical analysis.
12. Explain market movements with the help of different candle charts.
13. Briefly describe the essence of fundamental approach. Are future market prices predictable based on past price behavior?
14. Briefly explain the concept of the efficient market hypothesis (EMH) and each of its three forms—weak, semistrong, and strong—and briefly discuss the degree to which existing empirical evidence supports each of the three forms of the EMH.
15. Technical analysts believe that investors can use past price changes to predict future price changes. How do they justify this belief?
16. Discuss some disadvantages of technical analysis
17. Describe the Dow Theory and its three components. Which component is most important? What is the reason for an intermediate reversal?
18. "Fundamental analysis is useful in the long run while technical analysis in the short-run". Discuss.
19. What are the tools of evidence for market efficiency?

20. Give criticism for technical analysis.
21. What are the techniques of technical analysis?
22. Explain in details the key indicators of industry analysis.
23. What is Industry Life cycle? How can the competitiveness of an industry be analysed?
24. “Knowing, Analyzing and Understanding the current state of affairs in the economy is useful and essential for analyzing the investment in securities”. Explain in the light of this statement, the relevance of economic analysis.