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**OBJECTIVE QUESTIONS  
FOR  
MBA (SEM-I) ONLINE EXAMINATION**



**NIRALI PRAKASHAN**

***A Book Of***

# **OBJECTIVE QUESTIONS - MBA SEMESTER I**

**For  
ONLINE EXAMINATION**

**As Per Pune University's New Syllabus  
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**Dr. Mahesh Kulkarni**

M.Com., M. Phil., L.L.B., D.T.L., Ph.D. (Management)  
Research Guide, University of Pune and YCMOU,  
Nashik.

**Prof. Sharad D. Geet**

M.A. (Eco.), M.Com., LL.B., D.C.L.

**Dr. Kirti Gupta**

M.Sc. (Statistics), M.P.M.  
Ph.D. (Management)  
Professor, Head Ph.D. Research Centre  
Bharati Vidyapeeth Deemed University's  
Institute of Management & Entrepreneurship Development  
Pune.

**Sunil Lalla**

B.A., M.B.A., M.M.M., D.P.L. (Dip. in Taxation Laws)

**Dr. Suhas Mahajan**

B.A., M.Com., Ph.D. (Finance)  
Research Guide, University of Pune and YCMOU,  
Nashik.

**Dr. E. B. Khedkar**

Director,  
Dr. D. Y. Patil School School of Management  
Lohegaon, Charoli (B.K.), Pune.  
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University of Pune.

**Mrs. Kiran Jotwani**

M.A. (Economics), B.Ed.

**Pushkar M. Aurangabadkar**

B.Com., D.B.F., MBA, EAPF (IIM Calcutta)

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Abhyudaya Pragati, 1312, Shivaji Nagar,  
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Email : niralipune@pragationline.com

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# Accounting for Business Decisions

Select the correct answer in each of the following questions.

- Which of the following is not a tangible fixed asset?
  - Premises
  - Plant
  - Fittings
  - Copyrights
- Recording of owner's capital as a basic liability ensures the adherence of the principle of \_\_\_\_\_.
  - Money Measurement
  - Dual Aspect
  - Business Entity
  - Going Concern
- Which of the following is not a revenue reserve?
  - General Reserve Fund
  - Revaluation Reserve
  - Accumulated Reserve
  - Reserve Fund
- The basic concept related to Balance-sheet is \_\_\_\_\_.
  - Accrual Concept
  - Realisation Concept
  - Cost Concept
  - Money Measurement Concept
- Which of the following is an example of Capital Asset?
  - Cash at Bank
  - Fixtures
  - Loose-Tools
  - Book Debts
- The basic concept related to Profit and Loss Account is \_\_\_\_\_.
  - Realisation Concept
  - Cost Concept
  - Business Entity Concept
  - Going Concern
- Which of the following activity is not recorded in the books of the business?
  - Total turnover made during the period
  - Outstanding expenses and incomes for the period
  - Value of closing stock at the end of the period
  - Efficiency of production manager during the period
- The basic principles of accounting does not consider \_\_\_\_\_ concept.
  - Cost
  - Logical
  - Consistency
  - Accrual

9. Contingent Liabilities of a company are to be shown in the \_\_\_\_\_
- (a) Income Statement (b) Chairman's Report  
(c) Position Statement (d) Notes on Account to Balance-Sheet
10. Which of the following is an example of impersonal account in the books of Amar Traders, Agra.
- (a) Amar's Capital Account (b) Amar's Furniture Account  
(c) Amar's Bank Account (d) Amar's Drawing Account
11. Accounting policies, methods, rules and practices should remain unchanged from year to year as per the accounting conventions of \_\_\_\_\_
- (a) Materiality (b) Consistency  
(c) Full Disclosure (d) Conservatism
12. Purchasers of Government Securities would \_\_\_\_\_
- (a) Increase current assets (b) Increase purchases  
(c) Increase fixed assets (d) Keep assets unchanged
13. As per going concern concept the expenditure is divided into \_\_\_\_\_
- (a) Selling and distribution (b) Office and administration  
(c) Capital and revenue (d) Productive and unproductive
14. Accounting information that cannot be quantified are not recorded in Financial accounting as per \_\_\_\_\_ concept.
- (a) Dual aspect (b) Business entity  
(c) Realisation (d) Money measurement
15. Financial Accounting is the science in which money is considered as \_\_\_\_\_
- (a) Scale of measurement of social responsibility  
(b) Scale of measurement of values  
(c) Scale of measurement of environmental effect  
(d) Scale of measurement of inflationary situation
16. Rent paid to landlord is a nominal account whereas rent payable to lessor is a \_\_\_\_\_ personal account.
- (a) Representative (b) Im  
(c) Legal (d) Natural
17. Which of the following asset is financed out of long term funds?
- (a) Loose-Tools (b) Book Debts  
(c) Railway sidings (d) Stores and spare parts

18. In marshalling of assets as per the order of liquidity, \_\_\_\_\_ is shown last.
- (a) Cash in Hand (b) Goodwill  
(c) Stock-in-Trade (d) Accrued Income
19. Ability of the firm to meet its long term obligations is referred to as \_\_\_\_\_
- (a) Liquidity (b) Affordability  
(c) Solvency (d) Consistency
20. Ability of the firm to meet its short term obligations is referred to as \_\_\_\_\_
- (a) Affordability (b) Solvency  
(c) Sustainability (d) Liquidity
21. Financial Statements are the channel of accounting \_\_\_\_\_
- (a) Presentation (b) Communication  
(c) Interpretation (d) Classification
22. Under accrual basis of accounting expenses payable and unaccrued income will affect the Profit and Loss Account showing a \_\_\_\_\_ profit.
- (a) Lower (b) Higher  
(c) Reasonable (d) Net
23. Conformity from period to period with unchanged policies and procedures is referred to as \_\_\_\_\_
- (a) Liquidity (b) Solvency  
(c) Consistency (d) Materiality
24. Which one of the following subsidiary book is a book of prime entry and final entry?
- (a) Invoice Journal (b) Sales Return Journal  
(c) Cash Journal (d) Purchase Return Journal
25. A credit balance in Bank Current Account indicates \_\_\_\_\_.
- (a) Cash at Bank (b) Bank Overdraft  
(c) Cash on Hand (d) Petty Cash
26. A trial balance showing only debit totals and credit totals of various ledger accounts is termed as \_\_\_\_\_
- (a) Compound Trial Balance (b) Net Trial Balance  
(c) Simple Trial Balance (d) Gross Trial Balance
27. The expenditure incurred on assets which are meant for resale at a profit is treated as \_\_\_\_\_
- (a) Preliminary Expenditure (b) Revenue Expenditure  
(c) Capital Expenditure (d) Deferred Revenue Expenditure

28. Amount paid to management consultants for advising to reduce the working expenses is treated as \_\_\_\_\_
- (a) Deferred Revenue Expenditure      (b) Consultancy Charges  
(c) Capital Expenditure                      (d) Revenue Expenditure
29. Which of the following fixed asset is not a depreciable asset?
- (a) Buildings                                      (b) Land  
(c) Plant    (d) Vehicle
30. The debit balance of Profit and Loss Account is \_\_\_\_\_ asset.
- (a) Non-wasting                                  (b) Fictitious  
(c) Real    (d) Provisional
31. Cumulative Preference shareholders are \_\_\_\_\_ of the joint stock company.
- (a) Owners                                         (b) Creditors  
(c) Employees                                      (d) Well wishers
32. The excess of issue price over the face value of share is called as \_\_\_\_\_
- (a) Share Capital                                  (b) Share Premium  
(c) Calls in Arrears                                (d) Calls in Advance
33. Which of the following are not current liabilities?
- (a) Bills Payable                                  (b) Unclaimed Dividend  
(c) Outstanding Expenses                        (d) Redeemable Preference Shares
34. If the profit is one fifth of selling price then the share of profit to cost will be \_\_\_\_\_
- (a) One fourth                                      (b) One sixth  
(c) One third                                        (d) One fifth
35. Balance Sheet is a position statement that determines \_\_\_\_\_ position.
- (a) Profitability                                    (b) Quantitative  
(c) Liquidity and Solvency                        (d) Operational Efficiency
36. Profit earned by the company is transferred ultimately to Balance Sheet under \_\_\_\_\_
- (a) Share Capital                                  (b) Current Liabilities  
(c) Reserves and Surplus                        (d) Unsecured Loan
37. The Institute of Cost and Works Accountants of India was established at Kolkata with the enactment of the Cost and Works Accountants of India Act \_\_\_\_\_
- (a) 1956    (b) 1959  
(c) 1968    (d) 1971

38. Cost Accounting is nothing but a part of \_\_\_\_\_
- (a) Management Information System (MIS)
  - (b) Administrative Information System (AIS)
  - (c) Communication Information System (CIS)
  - (d) Organisational Information System (OIS)
39. The cost journals and cost ledgers are recorded and maintained on the basis of \_\_\_\_\_
- (a) Single Entry Principle
  - (b) Double Entry Principle
  - (c) Cost Accounting Record Rules
  - (d) Cost Accounting Standards
40. The process of accounting for costs is referred to as \_\_\_\_\_
- (a) Cost Accounting
  - (b) Cost Accountancy
  - (c) Costing
  - (d) Process Costing
41. The verification of the correctness of cost accounts and check on the adherence of the cost accounting plan is known as \_\_\_\_\_
- (a) Cost Verification
  - (b) Cost Check Plan
  - (c) Cost Corrective System
  - (d) Cost Audit
42. An internal reporting system for the organisations own management is referred to as \_\_\_\_\_
- (a) Human Resource Accounting
  - (b) Responsibility Accounting
  - (c) Cost Accounting
  - (d) Financial Accounting
43. The Profit or Loss of the business as a whole during a particular period is revealed by \_\_\_\_\_
- (a) Cost Accounts
  - (b) Financial Accounts
  - (c) Management Accounts
  - (d) Financial Accounts
44. Cost Accounting as a branch of accounting deals with \_\_\_\_\_.
- (a) Qualitative aspects of monetary transactions
  - (b) Qualitative aspects of monetary and non-monetary transactions
  - (c) Quantitative aspects of monetary transactions
  - (d) Quantitative aspects of monetary and non-monetary transactions
45. Cost Accounting provides a basis for formulating \_\_\_\_\_
- (a) Administrative policies
  - (b) Financial policies
  - (c) Operating policies
  - (d) Business policies

46. The division of cost that facilitates greater degree of control over costs, is termed as \_\_\_\_\_
- (a) Cost classification (b) Cost absorption  
(c) Cost estimation (d) Cost apportionment
47. The sharing of common cost among various cost centers is known as \_\_\_\_\_
- (a) Cost allocation (b) Cost apportionment  
(c) Cost absorption (d) Cost re-apportionment
48. Financial Accounting is meant for \_\_\_\_\_ reporting whereas Cost Accounting is meant for \_\_\_\_\_ reporting.
- (a) External-internal (b) Internal-external  
(c) Managerial-administration (d) Administrative-managerial
49. The costs which involve the payment to outsiders are \_\_\_\_\_
- (a) Abnormal costs (b) Flat costs  
(c) Out of pocket costs (d) External costs
50. The procedure involved in charging of overheads to cost units is known as \_\_\_\_\_
- (a) Overhead allocation (b) Overhead classification  
(c) Overhead distribution (d) Overhead absorption
51. Which of the following cost per unit remains constant?
- (a) Semi-fixed Cost (b) Marginal Cost  
(c) Fixed Cost (d) Semi-variable Cost
52. A cost which will still be incurred although a plant is close down temporarily, is termed as \_\_\_\_\_
- (a) Engineered Cost (b) Computed Cost  
(c) Out of Pocket Cost (d) Shut Down Cost
53. The subjectwise classification of overtime payment to sales department employees will be \_\_\_\_\_
- (a) Indirect wages (b) Sales department salary  
(c) Productive expenses (d) Departmental expenses
54. The objective classification of stationery materials will be \_\_\_\_\_
- (a) Distribution overhead (b) Works overhead  
(c) Selling overhead (d) Administrative material

55. Cost of white paper used for printing a reference book is treated as \_\_\_\_\_
- (a) Indirect material (b) Direct material  
(c) Indirect expenses (d) Direct wages
56. Hire charges of special equipment used for a specific job are grouped under \_\_\_\_\_
- (a) Direct labour (b) On cost  
(c) Chargeable expenses (d) Direct material
57. Office costs are mostly \_\_\_\_\_
- (a) Fixed (b) Marginal  
(c) Semi-variable (d) Differential
58. Cost audit is a part of \_\_\_\_\_
- (a) Costing (b) Cost Accountancy  
(c) Cost Accounting (d) Cost Methods
59. The aggregate of indirect materials cost, indirect labour cost and indirect expenses is termed as \_\_\_\_\_
- (a) Overhead (b) Prime cost  
(c) Productive cost (d) Semi-indirect cost
60. The technique and process of ascertaining costs is termed as \_\_\_\_\_
- (a) Cost Accounting (b) Cost Accountancy  
(c) Cost Management (d) Costing
61. A cost which can be easily identified with cost unit or cost centres is \_\_\_\_\_ cost.
- (a) Traceable (b) Sunk  
(c) Joint (d) Engineered
62. In cement industries the cost unit is \_\_\_\_\_
- (a) Litre (b) Tonne  
(c) Metre (d) Kilogram
63. A discount allowed for bulk purchases is termed as \_\_\_\_\_
- (a) Trade discount (b) Cash discount  
(c) Quantity discount (d) Material discount
64. The store-keeper should initiate a purchase requisition when stock reaches at \_\_\_\_\_
- (a) Danger level (b) Maximum level  
(c) Average level (d) Re-order level



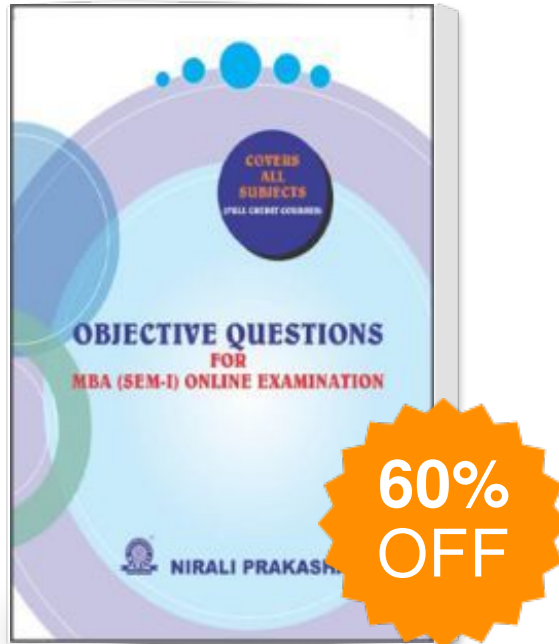
73. For justification regular reports on total overtime hours and overtime wages must be submitted to the \_\_\_\_\_
- (a) Office Manager (b) Works Manager  
(c) Sales Manager (d) Distribution Manager
74. Total turnover ₹ 12,000, Marginal cost ₹ 7,200, Fixed Cost ₹ 2,000. The P/V Ratio will be \_\_\_\_\_
- (a) 15% (b) 80%  
(c) 40% (d) 60%
75. The difference between inflated price and marginal cost is termed as \_\_\_\_\_
- (a) Contribution (b) Margin of Safety  
(c) Net profit (d) Break-even point
76. P/V ratio – 40%, unit invoice price ₹ 20. The marginal cost per unit will be \_\_\_\_\_
- (a) ₹ 4 (b) ₹ 12  
(c) ₹ 8 (d) ₹ 16
77. Under the technique of marginal cost, rigid costs are charged to \_\_\_\_\_
- (a) Profit and Loss Account  
(b) General Profit and Loss Account  
(c) Profit and Loss Appropriation Account  
(d) Costing Profit and Loss Account
78. In marginal costing, if the number of units sold are more than the number of units produced, there would be \_\_\_\_\_
- (a) No profit (b) Lower profit  
(c) Higher profit (d) Normal profit
79. In marginal costing stock is valued at \_\_\_\_\_
- (a) Variable cost (b) Cost of Production  
(c) Rigid cost (d) Total cost
80. Variable costing is considered to be a broader technique than \_\_\_\_\_
- (a) Standard Costing (b) Uniform Costing  
(c) Direct Costing (d) Activity Base Costing
81. A large margin of safety always indicates \_\_\_\_\_
- (a) Under capitalisation (b) Secondness of the business  
(c) Over production (d) Over-capitalisation

82. The strength of any business can very well be judged by referring to the size of \_\_\_\_
- (a) Net profit (b) Total turnover  
(c) Marginal cost (d) Margin of safety
83. A higher P/V Ratio reflects \_\_\_\_\_ profitability.
- (a) Greater (b) Normal  
(c) Gross (d) Lower
84. The margin of safety at break-even point is always \_\_\_\_\_
- (a) More (b) Zero  
(c) Less (d) Substantial
85. Actual sales ₹ 1,50,000, Break-even sales ₹ 1,00,000. The margin of safety in percentage will be \_\_\_\_\_
- (a) 25% (b) 66.67%  
(c) 33.33% (d) 50%
86. Variable costs, vary directly in proportion to change in \_\_\_\_\_
- (a) Management policy (b) Market condition  
(c) Rigid costs (d) Volume of output
87. The principles of marginal costing are based on a mathematical equation as \_\_\_\_\_
- (a)  $S - V = F + P$  (b)  $S = F + P + V$   
(c)  $S - F = V + P$  (d)  $S = F + V - L$
88. The technique of Marginal Costing emphasises the \_\_\_\_\_ classification of cost.
- (a) Elementwise (b) Behavioural  
(c) Normality (d) functional
89. In marginal costing, only variable costs are considered as \_\_\_\_\_
- (a) Period costs (b) normal Costs  
(c) Product costs (d) Abnormal costs
90. A strategic technique for short-term decision making is known as \_\_\_\_\_
- (a) Uniform Costing (b) Standard Costing  
(c) Target Costing (d) Marginal Costing
91. Cost-volume-profit analysis is an extension of \_\_\_\_\_
- (a) Marginal Costing (b) Activity Base Costing  
(c) Affordable Costing (d) Absorption Costing

92. When contribution is expressed as a percentage of sales, it is called \_\_\_\_\_
- (a) Inventory Turnover Ratio                      (b) Profit-volume Ratio  
(c) Liquid Ratio                                      (d) Gross Profit to Sales Ratio
93. The angle of incidence can be improved by reducing the \_\_\_\_\_
- (a) Semi-fixed cost                                  (b) Selling price  
(c) Profit margin                                      (d) Variable cost
94. The systematic planning of future operations to maximise net margin is termed as \_\_\_\_\_
- (a) Operational planning                          (b) Marginal planning  
(c) Profit planning                                    (d) Variable cost planning
95. The initial step in preparing a budget is forecasting of \_\_\_\_\_
- (a) Cash    (b) Production  
(c) Purchases    (d) Sales
96. In case of a partnership firm, the term 'financial statements' includes \_\_\_\_\_
- (a) Balance sheet  
(b) Trading Account and Profit and Loss Account, and Balance Sheet  
(c) Profit and Loss Account and Balance-Sheet  
(d) Trading Account, Profit and Loss Account
97. Financial Statements of the sole proprietor provides information \_\_\_\_\_
- (a) For price fixation  
(b) For financial control  
(c) To know profitability and financial position of the concern  
(d) For future planning
98. In case of a limited company the term financial statements includes \_\_\_\_\_
- (a) Profit and Loss Account and Balance Sheet  
(b) Profit and Loss Appropriation Account  
(c) Balance-Sheet  
(d) Profit and Loss Account, Profit and Loss Appropriation Account and Balance Sheet
99. Which of the following item is shown in Profit and Loss Appropriation Account?
- (a) Preliminary Expenses                          (b) Provision for Bad Debts  
(c) Proposed Dividend                              (d) Provision for Taxation

100. A Trial Balance is prepared to \_\_\_\_\_
- (a) Check the arithmetical accuracy of the books of accounts
  - (b) Know the profitability of the firm
  - (c) Know the financial position of the business
  - (d) Understand the return on investments made
101. The excess of total turnover over the cost of goods sold plus direct expenses is termed as \_\_\_\_\_
- (a) Gross loss
  - (b) Gross profit
  - (c) Net profit
  - (d) Operating profit
102. Fixed Assets of a business does not include \_\_\_\_\_
- (a) Fittings
  - (b) Loose-Tools
  - (c) Motor Vehicles
  - (d) Patents
103. Earning of 'revenue' means the substantial increase in asset resulting from \_\_\_\_\_
- (a) Selling of trading goods, merchandise and providing of services
  - (b) Gains from sale or transfer of assets, other than goods
  - (c) Incomes from dividends, rents, interests, salary and wages etc.
  - (d) All of the above
104. Rearrange the following current assets in the order of 'Liquidity'. (i) Book Debts, (ii) Cash in Hand, (iii) Income Receivable, (iv) Stock, (v) Bills Receivable, (vi) Expenses Carried Forward.
- (a) (ii), (v), (i), (iv), (iii), (vi)
  - (b) (iii), (i), (iv), (ii), (vi), (v)
  - (c) (ii), (vi), (iii), (i), (v), (iv)
  - (d) (i), (iii), (v), (iv), (ii), (vi)
105. Total Turnover ₹ 1,10,000, cost of Goods Sold ₹ 88,000. The percentage of gross profit to sales will be \_\_\_\_\_
- (a) 25%
  - (b) 28%
  - (c) 20%
  - (d) 30%
106. Product Costs are \_\_\_\_\_ but Period Costs are \_\_\_\_\_
- (a) Fixed-variable
  - (b) Variable-fixed
  - (c) Semi-variable-semi-fixed
  - (d) Rigid-differential
107. The expenses which are incurred for and may easily and conveniently be identified with a particular cost unit or cost centre are \_\_\_\_\_
- (a) Indirect expenses
  - (b) Chargeable expenses
  - (c) Overhead expenses
  - (d) On cost expenses

# Objective Questions For MBA (Sem-I) Online Examination



Publisher : Nirali Prakashan

Author : Dr. Mahesh Kulkarni,  
Dr. Suhas Mahajan, Prof.  
Sharad D. Geet, Dr. E. B.  
Khedkar, Dr. Kirti Gupta, Mrs.  
Kiran Jotwani, Sunil Lall

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