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## **(Commerce)**

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## PRACTICE SET - 1

1. Indian Mercantile Law is based on
  - (a) American Law
  - (b) Hindu Common Law
  - (c) English Mercantile Law
  - (d) Japani Law
2. Indian Contract Act was passed in
  - (a) 1872
  - (b) 1876
  - (c) 1877
  - (d) 1878
3. Which one of the following is not the characteristics of socialist economic system?
  - (a) Market mechanism.
  - (b) Goal of Social welfare
  - (c) Collectivist economy
  - (d) Restriction on production
4. Socialism came into force for social development but it has one limitation which is
  - (a) Maximum use of national resources
  - (b) Full employment
  - (c) Production Planning
  - (d) Bureaucratic tendency
5. Which of the following is not an essential feature of Social environment?
  - (a) Competitiveness
  - (b) Respect for the individual
  - (c) Better quality of life
  - (d) Bailment
6. Which of the following is not an essential feature of Social environment
  - (a) Love for knowledge and education
  - (b) Social status
  - (c) Importance of change and experimentation
  - (d) Insurance
7. Is consumerism well developed in India?
  - (a) No
  - (b) Yes
  - (c) Can't say
  - (d) None of these
8. ROI is computed as–
  - (a) Net Profit/Sales
  - (b) Cost of Sales/Capital employed
9. A and B are partners in the ratio of 2 : 1. They admit for 1/4 share who contributes Rs., 3,000 for his share of goodwill. The total value of the goodwill of the firm is
  - (a) Rs. 3,000
  - (b) Rs. 9,000
  - (c) Rs. 12,000
  - (d) Rs. 15,000
10. Higher the ratio the more favourable it is. This does not apply to–
  - (a) operating ratio
  - (b) operating profit ratio
  - (c) stock turnover ratio
  - (d) ROI
11. Purchase of inventory on credit will cause the quick ratio to–
  - (a) increase
  - (b) decrease
  - (c) remain unchanged
  - (d) none of these
12. Which of the following transactions has no effect on the current ratio?
  - (a) machinery purchased for cash
  - (b) motor car sold for cash
  - (c) preference shares redeemed
  - (d) bills receivable collected
13. The most rigorous test of liquidity is–
  - (a) current ratio
  - (b) acid test ratio
  - (c) absolute ratio
  - (d) stock turnover ratio
14. Pay out ratio means–
  - (a) Ratio of debtors to creditors
  - (b) Ratio of earning that are distributed
  - (c) Ratio of profit distributed to profit retained
  - (d) none of these