

# SEBI Prelims 2020 Paper 2 Memory Based Previous Year Questions Download PDF



1. Where is BSE headquartered at?  
A. Churchgate, Mumbai  
B. Nariman Point, Mumbai  
C. Colaba, Mumbai  
D. Dalal Street, Mumbai  
E. Connaught Place, New Delhi

2. What does DT in DTAA stand for?  
A. Discounted Tax  
B. Designated Tax  
C. Double Taxation  
D. Direct Tax  
E. None of the above

3. What is Tally Software used for?  
A. Accounting  
B. Price Determination  
C. Understanding Market Penetration  
D. Customer Acquisition  
E. None of the above

4. Select the organisation that regulates NBFCs.  
A. NABARD  
B. Ministry of Finance  
C. RBI  
D. SEBI  
E. NHB

5. \_\_\_\_\_ is aimed to improve the efficiency of welfare services intended for girls in India.  
A. Beti Bachao Beti Padhao  
B. Integrated Child Development Services  
C. Sukanya Samridhi Yojana  
D. Both B and C  
E. Both A and C

6. JIT is used in which of the following?  
A. Overheads Treatment  
B. Inventory Management  
C. Marketing  
D. Scheduling  
E. None of the above

7. The CRC issues \_\_\_\_\_ during the registration of a company.  
A. Corporate Identification Number  
B. Direction Identification Number  
C. Tax Identification Number  
D. Company Helpline Number  
E. None of the above

8. \_\_\_\_\_ type of Tax is handled by the CBDT?  
A. Indirect Tax  
B. Direct Tax  
C. Both A and B  
D. None of A and B  
E. There is no such body/organisation as CBDT

9. Based on which of the following is GSTIN allotted?  
A. Aadhaar Card  
B. Passport  
C. PAN  
D. Driving Licence  
E. None of the above

10. According to the Constitution of India, when a bill is presented in the Parliament of India, who decides whether a Financial Bill is a money bill or ordinary bill?  
A. Finance Minister of India  
B. Prime Minister of India  
C. Leader of the Opposition in Lok Sabha  
D. Speaker of the Lok Sabha  
E. None of the above

11. What is the Bill of exchange drawn in parts known as?  
A. Bill in Quarters  
B. Bill in Sets  
C. Bill in Parts  
D. Bill in Bricks  
E. Bill in Cases



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12. When partnership deed is not there, how is the profit distributed among partners?

- A. Equally Distributed among the Partners
- B. As per the profit-sharing ratio of the Partners
- C. As per the seniority of the Partners
- D. As per the mutual understanding of the Partners
- E. None of the above

13. Under which list does Agriculture come?

- A. Union List
- B. Concurrent List
- C. State List
- D. Restricted List
- E. None of the above

14. Which section of IT Act, 1961 act is known as charging section?

- A. Section 10
- B. Section 2
- C. Section 4
- D. Section 139
- E. Section 141

15. Identify the non-negotiable instrument from the following options?

- A. Hundi
- B. Promissory Note
- C. Cheque
- D. Currency Note
- E. Bills of Exchange

16. What is the performance approach through rewards and punishment called?

- A. MBO
- B. Eclectic Motivation
- C. Transformational Approach
- D. Carrots and Stick Approach
- E. None of the above

17. What is the market for Gold and silver known as?

- A. Metal Market
- B. Sona Market
- C. Gold and Silver Market
- D. Bullion Market
- E. Shine market

18. What is the statistics of population known as?

- A. Ecology
- B. Sociology
- C. Anthropology
- D. Demography
- E. None of the above

19. Find the type of error in the given sentence:

Rent Expenses were charged to the books of accounts for 11 months, but it was not charged in the 12th month.

- A. Errors of Commission
- B. Errors of Principle
- C. Errors of Omission
- D. There is no error
- E. None of the above

20. Which animal is displayed in the Make in India logo?

- A. Tiger
- B. Giraffe
- C. Lion
- D. Deer

E. None of Above

21. While calculating income from house property, Municipal Taxes are treated on \_\_\_\_\_ basis.

- A. Due
- B. Not Deductible
- C. Payment
- D. Both A and C
- E. None of the above



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22.What does O in SWOT stand for?

- A. Outstanding
- B. Outright
- C. Organisation
- D. Opportunity
- E. None of the above

23.Which of the following is also known as lender of last resort?

- A. SBI
- B. HDFC Bank
- C. ICICI Bank
- D. NABARD
- E. RBI

24.Which of the following organisation is responsible for promotion and financing of MSMEs?

- A. SEBI
- B. RBI
- C. SIDBI
- D. NHB
- E. NABARD

25.GST is applicable to

- A. Whole of India
- B. Whole of India excluding the Union Territories of Jammu & Kashmir and Ladakh
- C. Whole of India excluding the north-eastern states
- D. Whole of India excluding the Union Territories of Jammu & Kashmir and Ladakh and the north-eastern states
- E. None of above

26.If the total Assets are - Rs 36,000; Liabilities are - Rs 16,000; What is the amount of Equity?

- A. Rs 20,000
- B. Rs 52,000
- C. Rs 56,000
- D. Rs 10,000
- E. None of Above

27.What is the full form of CPM?

- A. Consumer Price Movement
- B. Critical Path Method
- C. Customer Priority Mechanism
- D. Cost Profit Measurement
- E. None of the above

28.If the Contribution is = Rs 40,000; Sales is = Rs 2,00,000. What is the P/V Ratio?

- A. 5%
- B. 20%
- C. 80%
- D. 500%
- E. None of Above

29.What is the total number of schedules in the Companies Act,2013?

- A. 5
- B. 6
- C. 7
- D. 2
- E. 3

30.Which of the following would be given least priority at the time of liquidation of company?

- A. Preference Shareholders
- B. Debenture Holders
- C. Both A and B
- D. Equity Shareholders
- E. Environment

31.Which of the following is a computer related crime?

- A. Arms Trafficking
- B. Tax Evasion
- C. Burglary
- D. Cyber Crime
- E. None of the above

32.What is ITNS 281 challan form used for?

- A. E-filing of taxes of individual taxpayer



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- B. Depositing Advance Tax every quarter  
C. Refund of taxes  
D. Depositing TDS/TCS amount  
E. None of the above

33. Labour Turnover = \_\_\_\_\_  
A. The number of people working in the current period  
B. The number of people who left the organisation in the previous period  
C. Rate of change of labour force  
D. The rate of the change in the wages of the labour force  
E. None of the above

34. What is the full form of BPO?  
A. Business Productivity Optimisation  
B. Business Process Outsourcing  
C. Business Producing Operations  
D. Batch Production Order  
E. None of the above

35. The partner will open a current account when partner has \_\_\_\_\_  
A. Fixed Capital  
B. Fluctuating Capital  
C. Leveraged Capital  
D. All of the above  
E. None of the above

36. Which language is used for creating web page?  
A. C++  
B. SQL  
C. Python  
D. HTML  
E. None of the above

37. Start or Re-start of computer is known as \_\_\_\_\_  
A. Firewall  
B. Adware  
C. Booting  
D. Formatting

E. None of the above

38. Debenture holders are paid \_\_\_\_\_  
A. Dividends  
B. Interest  
C. Tax  
D. Both A and B  
E. None of the above

39. If there is no consideration, then the agreement is  
A. Void  
B. Voidable  
C. Legally Enforceable  
D. Both A and B  
E. None of the above

40. If there is charge against company properties, it is registered with  
A. SEBI  
B. RBI  
C. Registrar of Companies  
D. Central Government  
E. None of the above

41. Narayan Murthy is the founder of \_\_\_\_\_  
A. Infosys  
B. TCS  
C. Tech Mahindra  
D. WIPRO  
E. None of the above

42. Full form of NAV is terms of Mutual Fund is \_\_\_\_\_  
A. Net Acquired Value  
B. Non-Attractive Valuation  
C. Net Appraised Value  
D. Net Asset Value  
E. None of the above

43. What is the meaning of C in LCR?  
A. Coverage  
B. Conditional



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- C. Counter
- D. Carriage
- E. None of the above

44.Which of the following can be considered as FDI apart from investing in one's home currency?

- A. Investing in equity stocks
- B. Remittance of money through bank account
- C. Both A and B
- D. Setting up a manufacturing unit
- E. None of the above

45.Provision of tax is under which sub-head in balance sheet

- A. Long-term provisions
- B. Short-term assets
- C. Long-term liabilities
- D. Short-term provisions
- E. None of the above

46.Debit what comes in, credit what goes\_\_\_\_\_

- A. Up
- B. Down
- C. Out
- D. Diagonal
- E. None of the above

47.Which of the following would be best for process improvement?

- A. Concurrent Control
- B. Feedback Control

- C. Feedforward Control
- D. Both A and B
- E. None of the above

48.What kind of ratio is a Current Ratio?

- A. Liquidity
- B. Activity
- C. Profitability
- D. Solvency
- E. None of the above

49.Current assets are assets expected to be realised within

- A. 90 days
- B. 180 days
- C. 1 year
- D. 2 years
- E. None of the above

50.The \_\_\_\_\_ states that other factors being constant, price and quantity demand of any good and service are inversely related to each other.

- A. Law of Demand
- B. Law of Supply
- C. Law of Diminishing Marginal Utility
- D. Law of Variable Proportion
- E. None of the above



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## # ##ANSWERS## #

1. Ans. D.

BSE Limited, also known as the Bombay Stock Exchange, is an Indian stock exchange located on Dalal Street in Mumbai. Established in 1875, it is Asia's oldest stock exchange.

2. Ans. C.

DTAA stands for Double Taxation Avoidance Agreement. The Double Tax Avoidance Agreement (DTAA) is a tax treaty signed between two or more countries to help taxpayers avoid paying double taxes on the same income. A DTAA becomes applicable in cases where an individual is a resident of one nation but earns income in another. India has comprehensive double taxation avoidance agreement with 88 countries, out of which 85 have entered into force. This means that there are agreed rates of tax and jurisdiction on specified types of income arising in a country to a tax resident of another country. Under the Income Tax Act 1961 of India, there are two provisions, Section 90, and Section 91, which provide specific relief to taxpayers to save them from double taxation. Section 90 (bilateral relief) is for taxpayers who have paid the tax to a country with which India has signed double taxation avoidance agreements, while Section 91 (unilateral relief) provides benefit to tax payers who have paid tax to a country with which India has not signed an agreement. Thus, India gives relief to both kinds of taxpayers. The rates differ from country to country.

3. Ans. A.

Tally is an ERP accounting software package that is used to record day to day business data of a company. The

latest version of Tally is Tally ERP 9. Tally ERP 9 Software is one of the most financial accounting systems used in India. For small and medium enterprises, it is complete enterprise software.

4. Ans. C.

Non-Banking Financial Companies (NBFCs) are regulated and governed by Reserve bank of India (RBI). As per section 45-1A of the Reserve Bank of India Act, 1934, an NBFC cannot carry on non-banking financial activities unless it has certificate of registration and net owned fund of 2 crore.

5. Ans. A.

Beti Bachao, Beti Padhao is a campaign of the Government of India that aims to generate awareness and improve the efficiency of welfare services intended for girls in India.

6. Ans. B.

The just-in-time (JIT) inventory system is a management strategy that aligns raw material orders from suppliers directly with production schedules. Companies employ this inventory strategy to increase efficiency and decrease waste by receiving goods only as they need them for the production process, which reduces inventory costs. This method requires producers to forecast demand accurately.

7. Ans. A.

During the incorporation of a company, the CRC issued Corporate Identification Number to a company.

8. Ans. B.

The Direct Taxes are handled by the Central Board of Direct Taxes (CBDT). The Income Tax Department also referred to as IT Department or ITD is a government agency undertaking direct tax collection of the Government



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of India. It functions under the Department of Revenue of the Ministry of Finance. Income Tax Department is headed by the apex body Central Board of Direct Taxes (CBDT).

9. Ans. C.

GSTIN, known as GST Identification Number, is assigned to every GST registered person. Each taxpayer is assigned a state-wise PAN-based 15-digit Goods and Services Taxpayer Identification Number (GSTIN).

• The first two digits represent the state code as per Indian Census 2011. Every state

has a unique code. For instance,

- State code of Karnataka is 29
- State code of Delhi is 07
- The next ten digits will be the PAN number of the taxpayer
- The thirteenth digit will be assigned based on the number of registrations within a state

- The fourteenth digit will be "Z" by default
- The last digit will be for check code. It may be an alphabet or a number.

10. Ans. D.

The definition of "Money Bill" is given in Article 110 of The Constitution of India. A financial bill is not a Money Bill unless it fulfils the requirements of Article 110.

The Speaker of the Lok Sabha certifies if a financial bill is a Money Bill or not.

11. Ans. B.

Bills are sometimes drawn in several parts. All the parts so drawn are referred as bill 'drawn in sets'. The drawer of the 'bills in sets' must sign all the parts and deliver all the parts but the acceptance should be written only on one part.

12. Ans. A.

In accordance with the provisions of the partnership deed, the profits and losses made by the firm are distributed among the partners. However, sharing of profit and losses is equal among the partners, if the partnership deed is silent.

In accordance with the provisions of the partnership deed, the profits and losses made by the firm are distributed among the partners. However, sharing of profit and losses is equal among the partners, if the partnership deed is silent.

13. Ans. C.

Under the State List, "agriculture" is mentioned in entry 14. So, states are entirely competent to enact laws on agriculture. Entry 18 mentions, inter-alia, "transfer and alienation of agricultural land".

14. Ans. C.

Section 4 of the Income Tax Act, 1961 (the Act), is the basic charging section under which income tax is chargeable on the total income of every person.

15. Ans. D.

Currency is a legal tender which gives the holder the right to receive the value of its denomination on exchange. So "holding" determines the entitlement. A holder of a negotiable instrument, if he is not the payee, is entitled to receive the payment only from the transferor. So, if the title of the transferor is defective, then holder's title also become defective unless he is a holder in due course. In which case he must prove that he has obtained the instrument for a valuable consideration and in good faith before maturity. A negotiable instrument is something in lieu of currency, which makes it a form



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of credit. Whereas currency is used for current payment.

16. Ans. D.

Carrot and stick motivation is a motivational approach that involves offering a "carrot" (a reward-for good behaviour) and a "stick" (a negative consequence for poor behaviour). It motivates staff by creating actionable goals and desirable rewards for employees who can alter their behaviour and performance.

17. Ans. D.

A bullion market is a market through which buyers and sellers trade gold and silver as well as associated derivatives. The bullion market is the primary source of gold and silver trading quotes throughout the day. Multiple bullion markets exist across the globe.

18. Ans. D.

Demography is the statistical study of populations, especially human beings. Demographic analysis can cover whole societies or groups defined by criteria such as education, nationality, religion, and ethnicity.

19. Ans. C.

The error of omission refers to the error in which a transaction is not at all recorded in the books, either completely or partially.

20. Ans. C.

The Make in India logo is the silhouette of a lion on the prowl, made entirely of cogs, symbolizing manufacturing, strength, and national pride.

21. Ans. C.

Municipal taxes paid: Any taxes paid to the Government during the financial year (for which the income is being computed on the property owned, such as house tax, are allowed for deduction from the Gross Annual Value which is calculated on the basis of the total rent

receivable/received/deemed rent for the property.

22. Ans. D.

SWOT = Strengths, Weaknesses, Opportunity, Threats

23. Ans. E.

A lender of last resort is whoever you turn to when you urgently need funds and you've exhausted all your other options. Banks typically turn to their lender of last resort (the Central Bank of the country) when they cannot get the funding they need for their daily business.

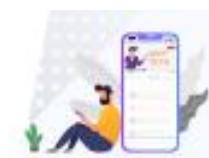
RBI is the official lender of the last resort in India. Lender of the last resort means Central bank coming to the rescue of other banks in times of financial crisis.

24. Ans. C.

The SIDBI (Small Industries Development Bank of India) is a wholly owned subsidiary of IDBI (Industrial Development Bank of India), established under the special Act of the Parliament 1988 which became operative from April 2, 1990.

SIDBI was made responsible for administering Small Industries Development Fund and National Equity Fund that were administered by IDBI before. SIDBI is the Primary Financial Institution for promoting, developing and financing MSME (Micro, Small and Medium Enterprise) sector. Besides focussing on the development of the Micro, Small and Medium Enterprise sector, SIDBI also promotes cleaner production and energy efficiency.

SIDBI helps MSMEs in acquiring the funds they require to grow, market, develop and commercialize their technologies and innovative products. The bank provides several schemes and offers financial services and



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products for meeting the individual's requirement of various businesses.

25. Ans. A.

After the enactment of various GST laws, Goods and Services Tax was launched all over India with effect from 1 July 2017. The Jammu and Kashmir state legislature (then a full state) passed its GST act on 7 July 2017, thereby ensuring that the entire nation is brought under a unified direct taxation system.

26. Ans. A.

Fundamental Accounting Equation -  
Assets = Liabilities + Equity

$$\Rightarrow \text{Rs } 36,000 = \text{Rs } 16,000 + \text{Equity}$$

$$\Rightarrow \text{Rs } 36,000 - \text{Rs } 16,000 = \text{Equity}$$

Or Rs 20,000 = Equity

27. Ans. B.

Critical path method (CPM) is a resource-utilization algorithm for scheduling a set of project activities. The essential technique for using CPM is to construct a model of the project that includes the following: A list of all tasks required to complete the project. The dependencies between the tasks.

28. Ans. B.

$$\begin{aligned} P/V \text{ Ratio} &= (\text{Contribution} / \text{Sales}) * 100 \\ &= (\text{Rs } 40,000 / \text{Rs } 2,00,000) * 100 \\ &= 20\% \end{aligned}$$

29. Ans. C.

The Companies Act, 2013 is divided into 29 chapters containing 470 sections as against 658 Sections in the Companies Act, 1956 and has 7 schedules.

30. Ans. D.

At the time of liquidation of companies, The Creditors or Debenture Holders would be given the priority for payment of their money, then the preference would be given to Preference Shareholders and the Equity

Shareholders would be given the least priority.

31. Ans. D.

Cyber-crime - crimes done by computer. Examples of cyber-crime include:

Computer hacking (where a person breaks into a computer using another computer, and steals information)

Cyber stalking (following someone all the time, using a computer, to make them feel scared).

E-mail fraud (for example, emailing people asking to send money in scams)

Spam (where "spammers" get email addresses for thousands of people and send them all unwanted ads)

32. Ans. D.

Challan number /ITNS 281 is used to deposit Tax deducted at source (TDS) or Tax collected at source (TCS). TDS challan status can be filled by corporate or non-corporate entities. Any taxpayer can do the income tax challan 281 payment online on the TIN NSDL website.

33. Ans. C.

Labour turnover may be defined as the number of workers replaced during a given period relative to the average labour force during the period. It is the number of workers who left the job during a period relative to the average labour force during the period.

34. Ans. B.

Business process outsourcing (BPO) is a method of subcontracting various business related operations to third-party vendors.

35. Ans. A.

A current account is opened when the capital of partners is fixed. In such a case, all transactions relating to (except introduction and withdrawal of capital) interest on capital, interest on



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drawings, salary to partners, etc. are done from/through the current account.

36. Ans. D.

HTML (Hypertext Markup Language) is the code that is used to structure a web page and its content. For example, content could be structured within a set of paragraphs, a list of bulleted points, or using images and data tables.

37. Ans. C.

Start or re-start of computer is known as Booting

38. Ans. B.

Debenture holders are paid interest on their lent money at a fixed/ agreed rate.

39. Ans. A.

A contract is an agreement enforceable by law. A void agreement is one which cannot be enforced by law. Sometimes an agreement which is enforceable by law, i.e., a contract, can become void. Void agreements are different from voidable contracts, which are contracts that may be nullified. An agreement to carry out an illegal act is an example of a void agreement. For example, an agreement between drug dealers and buyers is a void agreement simply because the terms of the contract are illegal. In such a case, neither party can go to court to enforce the contract. A void agreement is void ab initio, i.e., from the beginning while a voidable contract can be voidable by one or all the parties. A voidable contract is not void ab initio, rather, it becomes void later due to some changes in condition. In sum, there is no scope of any discretion on the part of the contracting parties in a void agreement. The contracting parties do not have the power to make a void agreement enforceable.

40. Ans. C.

Section 77 to 87 of the Companies Act 2013 provides the procedure for the registration of Charges.

Every company, creating or modifying a Charge on its property, assets or undertakings, whether it is tangible, or intangible situated within or outside India, shall register the particular of Charge with the Registrar within 30 days of such creation by applying Form No. CHG-1 (for other than debentures) and Form No. CHG-9 (for debentures). Along with the Form CHG-1 or CHG-9, the documents such as a certified true copy of every instrument evidencing creation or modification of the Charge particular of other Charge holders in case of joint Charge and consortium finance, and in case of acquisition of property which is already subject to charge instrument evidencing such acquisitions, are filed.

41. Ans. A.

Infosys was founded in 1981 by seven engineers- N. R. Narayana Murthy, Nandan Nilekani, N. S. Raghavan, S. Gopalakrishnan, S. D. Shibulal, K. Dinesh, and Ashok Arora in Pune, India.

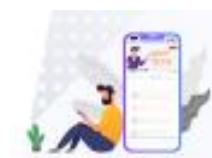
42. Ans. D.

Net Asset Value (NAV) is calculated as the current value of total assets minus the total value of all liabilities, divided by the total number of outstanding units. NAV allows an investor to track the performance of a fund.

43. Ans. A.

LCR = Liquidity Coverage Ratio. The liquidity coverage ratio (LCR) refers to the proportion of highly liquid assets held by financial institutions, to ensure their ongoing ability to meet short-term obligations.

44. Ans. D.



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Setting up a manufacturing unit can be considered as an FDI

45. Ans. D.

Provision of tax is under Short-term provisions in the balance sheet.

46. Ans. C.

The Golden Rules of Accounting

### **Debit The Receiver, Credit The Giver**

This principle is used in the case of personal accounts. When a person gives something to the organization, it becomes an inflow and therefore the person must be credit in the books of accounts. The converse of this is also true, which is why the receiver needs to be debited.

### **Debit What Comes In, Credit What Goes Out**

This principle is applied in case of real accounts. Real accounts involve machinery, land and building etc. They have a debit balance by default. Thus, when you debit what comes in, you are adding to the existing account balance. This is exactly what needs to be done. Similarly, when you credit what goes out, you are reducing the account balance when a tangible asset goes out of the organization.

### **Debit All Expenses and Losses, Credit All Incomes and Gains**

This rule is applied when the account in question is a nominal account. The capital of the company is a liability. Therefore, it has a default credit balance. When you credit all incomes and gains, you increase the capital and by debiting expenses and losses, you decrease the capital. This is exactly what needs to be done for the system to stay in balance.

The golden rules of accounting allow anyone to be a bookkeeper. They only need to understand the types of

accounts and then diligently apply the rules.

47. Ans. B.

Feedback control is a process that managers can use to evaluate how effectively their teams meet the stated goals at the end of a production process. Feedback control evaluates the team's progress by comparing the output the team was planning on producing to what was produced.

48. Ans. A.

The current ratio is a liquidity ratio that measures a company's ability to pay short-term obligations or those due within one year. It tells investors and analysts how a company can maximize the current assets on its balance sheet to satisfy its current debt and other payables.

49. Ans. C.

Current assets are assets expected to be realised within 1 year.

50. Ans. A.

The law of demand states that other factors being constant (*ceteris peribus*), price and quantity demand of any good and service are inversely related to each other. When the price of a product increases, the demand for the same product will fall.



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