

2023

September  
VOL: 8, NO.: 9

Syllabus 2022

# CMA Student E - Bulletin



**FOLLOW US ON**



**THE INSTITUTE OF COST ACCOUNTANTS OF INDIA**

(Statutory Body under an Act of Parliament)

[www.icmai.in](http://www.icmai.in)

Headquarters: CMA Bhawan, 12 Sudder Street, Kolkata - 700016

Ph: 091-33-2252 1031/34/35/1602/1492

Delhi Office: CMA Bhawan, 3 Institutional Area, Lodhi Road, New Delhi - 110003

Ph: 091-11-24666100

**Behind every successful business decision, there is always a CMA**



# CONTENTS

Message from the Chairman	i
Knowledge Update -	1
Paper: 1 - Fundamentals of Business Laws and Business Communication (FBLC)	2
Paper: 2 - Fundamentals of Financial and Cost Accounting (FFCA) -	7
Paper: 3 - Fundamentals of Business Mathematics and Statistics (FBMS) -	10
Paper: 4, Part - I - Fundamentals of Business Economics and Management (FBEM) - Economics	19
Paper: 4, Part - II - Fundamentals of Business Economics and Management (FBEM) - Management	22
Practical Advice -	25
Submission -	26
Message from the Directorate of Studies -	27
Few Snapshots -	28



## Message from the **CHAIRMAN**

Dear Students,

***"We cannot always build the future for our youth, but we can build our youth for the future"***-  
Franklin D. Roosevelt

I also would like to advise the young students that no achievement or success is possible in life without hard toil. So, you should always strive very hard in pursuing their studies and acquire education not merely for getting certificates, degrees or jobs but for the sake of knowledge and learning alone.

I am happy to share that from the September issue; Students E-bulletin is getting published under New Syllabus-2022 by the Directorate of Studies. Please look into the Students portal of your Institute to know and learn about the current updating by the Directorate of Studies. For all other initiatives to be taken by the D.O.S. in the coming days, please keep on watching the students' portal on a regular basis.

Our approach to education is to create leadership skills and a sound knowledge base with sharp business acumen to help the corporate in recruiting the right talent.

Dear students, 'you are the nation-builders and you are the agents of change.' It is our fervent hope that the Institute would enable you to equip with leadership and managerial skills. The knowledge that you will gain, the fine qualities that you will imbibe and the technical skills that you will learn to apply will be your contribution to your parents, to society, and to the nation.

I sincerely believe that our Students are dedicated and committed & will live up to our vision of being leaders for tomorrow.

As the chairman of the T& EF Committee, I anticipate the full participation and cooperation of the students to make it possible for us to transform their dreams to reality. And if there is any assistance that you might need, I shall always be willing to hear from you.

I wish you all the best!

**CMA Vinayranjan P.**  
**Chairman, Training & Education Facilities Committee**  
**The Institute of Cost Accountants of India**

# KNOWLEDGE Update



In this section of e-bulletin we shall have a series of discussion on each of these chapters to provide a meaningful assistance to the students in preparing themselves for the examination at the short end and equip them with sufficient knowledge to deal with real life complications at the long end.

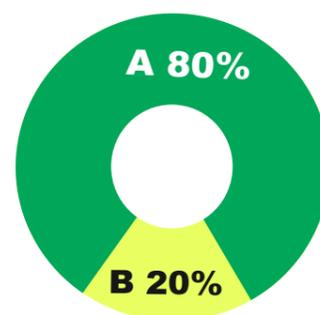
PAPER: 1

# FUNDAMENTALS

OF BUSINESS LAWS AND  
BUSINESS COMMUNICATION  
(FBLC)

CA Partha Ray  
He can be reached at:  
[prapray@rediffmail.com](mailto:prapray@rediffmail.com)

## Your Preparation Quick Takes



### Syllabus Structure

Section A: Fundamentals of Business Laws **80%**

Section B: Business Communication **20%**

## SECTION –A FUNDAMENTALS OF BUSINESS LAWS

First of all, please appreciate why this paper is really very important for all of you who are aspiring to be true professionals and are all eager to proudly proclaim aloud that – **Yes, behind every successful decision, there is a CMA.** With Mission CMA in mind, you the students, are advised to study this paper with a practical approach, as if the points concern you and you are given to deal with it as a professional. As a CMA in the making whether you decide to get employed or be self-employed and employ people, you will have to deal with people and establishments legally and establish Legal relationship for lawful consideration and perform your professional duties. Keeping that in mind, you have to study this subject seriously.

It is hoped that you keep on reading and recapitulating all that you have read for which you must prepare a time-table with time allotted for each subject – to read, write and revise.

***Now, we will deal with the full New Syllabus 2022 –Paper 1 and touch on each Module part by part in each issue of the E-Bulletin.***

### 1.0 Introduction:

#### What is the meaning of law

The answer is - Law is a process of giving Justice.

### 1.1 Sources of law?

Law originates from or in other words, derives its Source from various Statues, Acts, Rules and Regulations, Orders issued by Competent Authorities from time to time and also from Ordinances passed from time to time by the Government depending on situations, intended to regulate human conduct and behaviour.

#### What is law and types of law?

In India, maintaining Public Law is the concern of the Government of the concerned State and of the Central Government as per powers vested by the Constitution of India. Public Law is also to be maintained by the Public at large based on the constitutional law, administrative law, and criminal law; However, Private law deals with legal disputes between individuals and/or organisations in areas viz.contracts, property, commercial matters etc. which are dealt with by specific Statues in force in the country.

### 1.2 Legislative Process in India -

**The constitution** of India, is the supreme law of the land and it paves the way for other laws already enacted or to be enacted by the Parliament and different State Legislatures.

### 1.3 Legal Methods and Court System in India

**The legal system of India** consists of:-

**Criminal Law, Civil law-** (non-criminal in nature), **Common law, Religious law and Corporate law** introduced before Indian Independence and in effect till date or modified from time to time.

Let us understand **what is Common Law** which is also called Jurisprudence. Jurisprudence is derived from Judgements and opinions from Judges and other Quasi-Judicial Tribunals pronounced verbally or in writing.

**Civil Law** are non-criminal in nature, and prescribes and lays set of rules and regulations which helps in resolving disputes which are non-criminal in nature. The law in India is **primarily governed by the Code of Civil Procedure, 1908 (CPC) which is deals with administration of civil proceedings in India.**

**It is pertinent to remember that there are 4 types of court?**

There are four types of courts in India, i.e., **Supreme Court, High Court, District Court, and subordinate courts**. The Supreme court of India is in New Delhi.

You may raise a question - How many branches of legal system are there in India?

The answer is - The legal system can be divided into **2 branches**, Criminal law and Civil law.

#### 1.4 Primary and Secondary Legislation in India

Lets understand the difference between primary and secondary legislation?

**Primary legislation is an Act that has been passed by the Parliament.**

**Secondary legislation are small changes to an Act** made through secondary legislation and specifies the process that the secondary legislation will follow.

#### 2.00 Indian Contracts Act,1872

A question that will come to mind is – **What are the Essentials of a Contract ?**

**Just remember the following:**

**OAL3** – where **O** is Offer, **A** is Acceptance , first **L** is Legal Relationship and second **L** is Lawful Consideration and the third **L** is Legally Capable . Next remember

**CFL** –where **C** is Capacity, **F** is Free Consent , **L** is Legality Next remember

**WNP** – where **W** is Written and Registered , **N** is- Not Vague and **P** is Possibility of Performance.

**Offer / Proposal** The term offer is defined under Section 2(a) as : 'When one person signifies to another, his willingness to do or abstain from doing anything with a view to obtaining the assent of the other, to such an act or abstinence, he is said to make a proposal'.

**Acceptance** : According to the Indian Contract Act, 1872, Section 2(b), acceptance is expressed as “**When the person to whom the proposal has been made signifies his assent thereto, the offer is said to be accepted.**

**Promise** : the proposal when accepted becomes a promise.

Please **Note** : Oral contract is legal but not always valid , for example – Sale of House Property has to be written and registered.

If you revise and recapitulate what you have read above, you can now raise the following question – **On what grounds can you revoke an offer ?** The answer is given in Sec.6 and those are :

1. When the offer is expressly revoked ;
2. When the proposer prescribes a time for acceptance of the offer, that proposal expires as soon as the time expires.
3. If there is no prescribed time, in that case the offer expires after a reasonable time depending on the circumstances of the case ,
4. If the proposer lays some conditions and the acceptor fails to fulfill any condition ; and
5. An offer lapses on the death or insanity of the proposer provided the acceptor gets to know about the death or insanity before acceptance.

So, two questions immediately arises - regarding **Communication of Revocation** (please read Sec.3 of the Contract Act,1872) and regarding **Revocation of Acceptance** please read Section 5 of the Contract Act,1872

#### 3.00 Sale of Goods Act,1930

At the very start, let us be clear that **Sale of Goods Act** relate to sale and purchase of goods, but the contract of sale is regulated by the Indian Contracts Act,1872.

At the very start, we must clear our conception about the following terms – **Goods, Specific Goods, Unascertained goods, Future goods and Contingent goods.**

The immediate question coming to mind is – **What are goods ?** It is clarified that **every kind of movable property** is goods but – Actionable Claims and Money are excluded .( All things attached to the earth are not movable and are therefore not goods under the Act. However, standing crops, grass and fruits on trees that can be separated are covered under the definition of movable goods ).

So, the question arises – **What are Actionable Claims ?** Actionable claims are debt or a claim for money which a person may have from another person, which may be recovered by suit.

So, what is **Money ?** Money here simply means legal tender.

**Specific Goods** are goods that can be clearly identified and recognized

**Unspecific Goods** are those goods that can be indicated by description but cannot be separately identified. For example , as long as the bags of sugar, kept in a godown for sale, are not identified with any specific buyer, they remain Unspecified Goods. As soon as some bags are brought out, marked, separated and issued to a buyer, they become identifiable and become Specific goods.

**Future Goods** are goods which have not yet been manufactured or produced or acquired by the seller after entering into a contract of sale. For example, X agrees to sell Apples to Z that he will grow in his orchard in the coming fruit season. Such a contract is for sale of future goods.

**Contingent Goods**, are goods that can be sold only depending on the happening of an uncertain event, called a **Contingency**. For example, M enters into a contract to sell a particular watch to N if M manages to buy it from C - the current owner of the watch. The watch here is considered - Contingent Goods.

#### 4.00 NEGOTIABLE INSTRUMENTS ACT, 1881

To start with, let us ask ourselves a basic question – **What is a Negotiable Instrument ?**

For that we need to understand two things – 1. Meaning of “Negotiable” ; and 2. Meaning of “ Instrument”.

**Negotiable** means transferable by delivery.

**Instrument** means a written document. Such written document creates a right in favour for some person. The written document can be a – a Promissory note, a bill of exchange or a cheque payment either to Order or to the Bearer of such document.

#### SECTION -B BUSINESS COMMUNICATION

##### 5.01 Introduction to Business Communication

What is the first thing that comes to mind ? It is what is communication at the first place ? Basically, communication is the interaction between people individually or within Groups or communities. So, what follows is – **what is Business Communication ?**

A simple view would be that, business communication is an effective interactive communication between the employees and the management for the purpose of meeting organizational goals. Business Communication may also cover business interaction between colleagues at their workplace or elsewhere.

Its meaning purpose is to improve organizational practices and reduce errors and bring cohesion amongst fellow colleagues at all levels.

##### 5.2 Features of Effective Business Communication

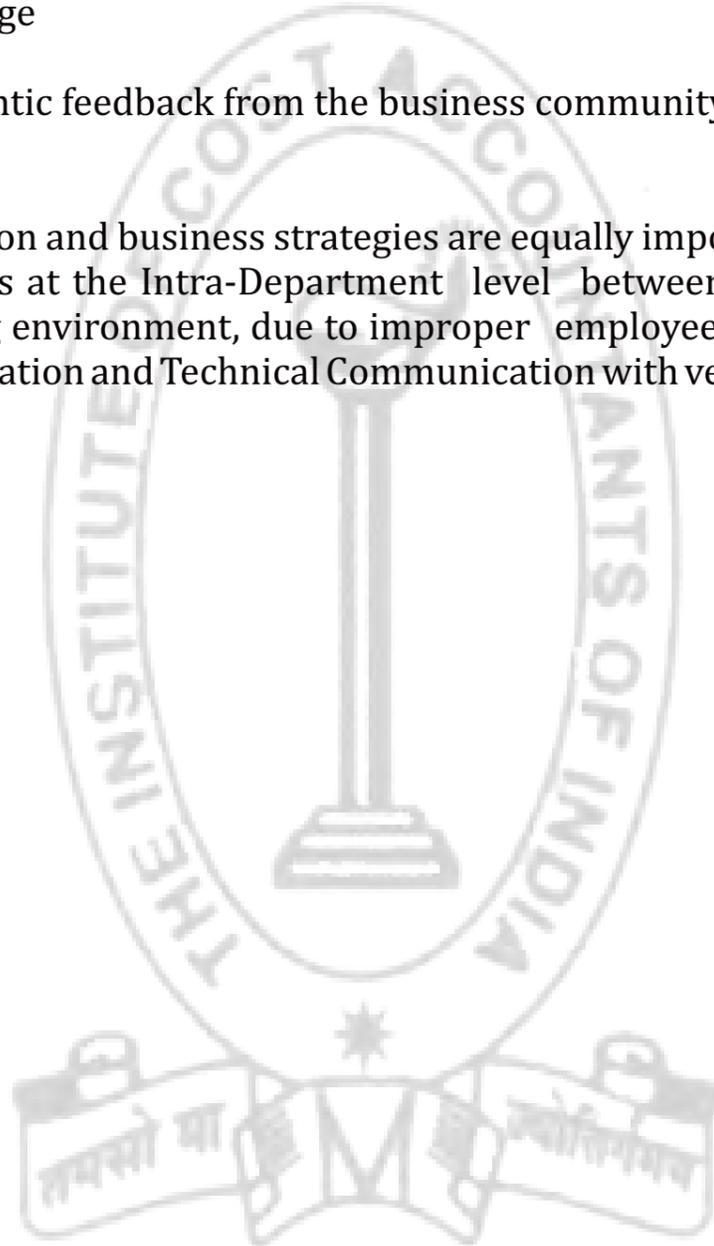
Effective Business Communication aims at improving both communication skills and communication

processes of the workers / employees .The benefits expected are :

1. Getting new business ideas
2. Collectively planning and proposing business expansion and strategies
3. Arriving at better decisions
4. Arriving at a consensus before making an arrangement
5. Meeting business demands and customer requirements
6. Enabling good interaction between customers, suppliers and departments
7. Improving Market image
8. Promoting Sales
9. Getting fast and authentic feedback from the business community – employees and customers.

### 5.3 Process of Communication

Process of business communication and business strategies are equally important. It is noticed that a major failure in communication process at the Intra-Department level between professionals and colleagues, results in disrupting the working environment, due to improper employee engagement and involvement. Therefore, Managerial Communication and Technical Communication with vendors is very vital.



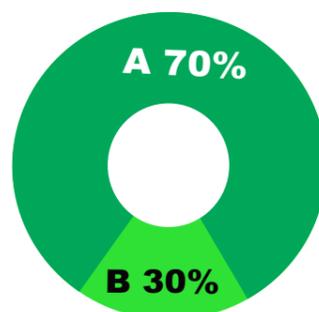
PAPER: 2

# FUNDAMENTALS

OF FINANCIAL AND  
COST ACCOUNTING (FFCA)

CMA Malay Kr. Paul  
He can be reached at:  
[mkpcalcutta@yahoo.co.in](mailto:mkpcalcutta@yahoo.co.in)

## Your Preparation Quick Takes



**Syllabus Structure**

**Section A:** Fundamentals of Financial Accounting **70%**

**Section B:** Fundamentals of Cost Accounting **30%**

**A. Indicate 'True' or 'False' w.r.t following statements:**

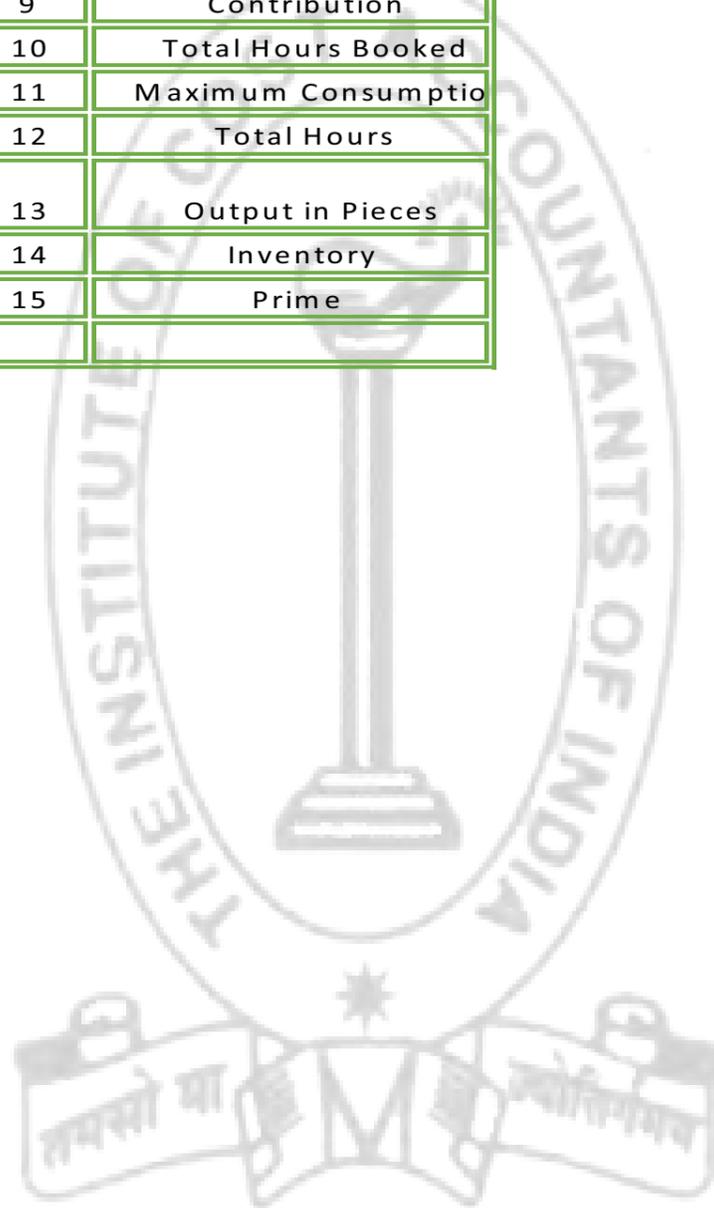
1. Trial Balance can identify "Error of Duplication".
2. Owner and Business are two separate entities.
3. Purchase Account will be Debited for purchase of Building on credit.
4. Joint Venture is a limited period business.
5. Net result of 'Nominal Accounts' are included in Balance Sheet.
6. Land is a depreciable asset.
7. Goodwill is a tangible asset.
8. Equal sharing of profit, does not include losses w.r.t Partnership business.
9. Difference between debit and credit total in Trial Balance indicated as 'Suspense Account'.
10. Principle of Debit and Credit is not applicable for computerized accounting.
11. Bank Interest is always an Income.
12. Cash Account always having a Debit Balance.
13. Book-keeping and Accounting is same.
14. Working Capital is the difference between Assets and Liabilities.
15. Money measurement concept is applicable for transaction measured in terms of Indian rupee.
16. Receipts and Payments Account includes receipts for past and future accounting period.
17. Single Entry System is nothing but an admixture of single entry, double entry and no entry.
18. Salary Received having always a Debit Balance.
19. Accrued Income is a Liability.
20. Cartage paid for bringing a new Machine to Plant is a Capital Expenditure.

**B. Fill in the blanks:**

1. Time elapsed between placing a Purchase Order and receipt of the ordered item, is called .....
2. Fixing purchasing quantity to minimize the total cost of inventory is called .....
3. Premium Bonus Plans are associated with .....
4. Payment made to workmen without getting any job from them due to preventive machine maintenance is called payment for .....
5. "The rate of change in the average employee strength during a *period*" is called .....
6. Common cost not related to a 'cost unit' termed as ..... cost.
7. Formula to derive Raw Material Consumption = Opening Stock + Purchases - .....
8. Sales - ( Variable Cost + Fixed Cost ) = .....
9. BEP (in units) = Fixed Cost (Rs.) / .....
10. Machine Hours = ..... - Normal time spent on Repair of Machinery
11. Re-order level = Maximum Lead Time x .....
12. Labour Hour Rate = Total Wages / .....

13. Piece Rate (Rs.) = Total Wages / .....
14. JIT (Just In Time) is associated with ..... Management
15. Direct Raw Material consumption forms part of ..... cost.

A	QS.NO	ANSWER	QS.NO	ANSWER
	1	FALSE	11	FALSE
	2	TRUE	12	TRUE
	3	FALSE	13	FALSE
	4	FALSE	14	FALSE
	5	TRUE	15	FALSE
	6	FALSE	16	TRUE
	7	FALSE	17	TRUE
	8	FALSE	18	FALSE
	9	TRUE	19	FALSE
	10	FALSE	20	TRUE
B	1	Lead Time	9	Fixed Cost/ Unit Contribution
	2	EOQ	10	Total Hours Booked
	3	Labour Paymen	11	Maximum Consumptio
	4	Idle Time	12	Total Hours
	5	Employee Turnover	13	Output in Pieces
	6	Overhead	14	Inventory
	7	Closing Stock	15	Prime
	8	P/V Ratio		

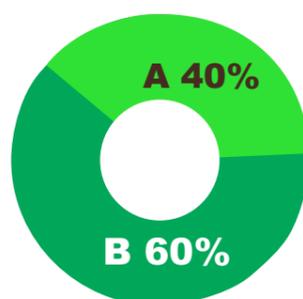


PAPER: 3

# FUNDAMENTALS OF BUSINESS MATHEMATICS AND STATISTICS (FBMS)

CMA Ankan K Bandyopadhyaya  
He can be reached at:  
[abanerjee8533@gmail.com](mailto:abanerjee8533@gmail.com)

## Your Preparation Quick Takes



### Syllabus Structure

**Section A:** Fundamentals of Business Mathematics **40%**

**Section B:** Fundamentals of Business Statistics **60%**

In this issue we will carry out MCQs on Probability.

**Q1. Facet of Statistics namely computing the chance that something will occur in the future is called**

- (a) Statistical probability
- (b) Statistical Interpretation
- (c) Statistical Inference
- (d) Statistical measurement

**Q2. Inferential Statistics deals with**

- (a) Conclusions about a population based on a sample taken from that population
- (b) Conclusions about a sample taken from a population
- (c) Conclusions about a population based on specified data taken from that population
- (d) Conclusions about a population based on a sample selected from a group of samples

**Q3. If  $P(A) = 0.7$ ,  $P(\bar{B}) = 0.5$  &  $P(\bar{A} \cup \bar{B}) = 0.6$ , if A & B are not mutually exclusive events than  $P(A \cup B)$  is**

- (a) 0.5
- (b) 0.8
- (c) 0.4
- (d) 0.3

**Q4. Probability theory allows the decision maker to analyze the risks**

- (a) With only limited information
- (b) With all influencing information
- (c) With all information
- (d) With perfect information

**Q5. A lot contains 10 items of which 3 are defective. Three items are chosen from the lot at random one after another without replacement. The probability that all the three are defective is**

- (a) 0.008
- (b) 0.992
- (c) 0.067
- (d) 0.05

Q6. The probability that machine A will be performing its usual function in 5 years' time is  $\frac{1}{4}$  while the probability that machine B will be operating usefully at the same period is  $\frac{1}{3}$ . The probability that in 5 years' time neither of the machine will be operating is

- (a)  $\frac{3}{4}$
- (b)  $\frac{2}{3}$
- (c)  $\frac{1}{2}$
- (d)  $\frac{1}{3}$

Q7. If  $P(A) = 0.3$ ,  $P(B) = 0.2$  and  $P(C) = 0.1$ , then assuming A,B and C are independent events, the probability of occurrence of at least one of the three events is

- (a) 0.7
- (b) 0.8
- (c) 0.006
- (d) 0.496

Q8. Which one of the following is based on Bayes' Theorem?

- (a)  $P(A_1/B) = \frac{P(A_1)P(B/A_1)}{P(A_1)P(B/A_1)+P(A_2)P(B/A_2)}$
- (b)  $P(A_2/B) = \frac{P(A_1)P(B/A_1)}{P(A_1)P(B/A_1)+P(A_2)P(B/A_2)}$
- (c)  $P(A_1/B) = \frac{P(A_2)P(B/A_2)}{P(A_1)P(B/A_1)+P(A_2)P(B/A_2)}$
- (d)  $P(A_2/B) = \frac{P(A_{12})P(B/A_{12})}{P(A_1)P(B/A_1)+P(A_2)P(B/A_2)}$

Q9. If the odds in favour of an event are  $X$  to  $Y$ , the probability of the event is

- (a)  $\frac{Y}{X+Y}$
- (b)  $\frac{X}{X+Y}$
- (c)  $\frac{Y}{X}$
- (d)  $\frac{X}{Y}$

Q10. In probability theory experiment is

- (a) A process that leads to the occurrence of one and only one of several possible results
- (b) A process that eliminates improbable from probable
- (c) A process that leads to the occurrence of all desired results out of several results
- (d) A process that leads to the occurrence of at least one probable result out of several possible results

**Q11. A new type of dice is developed by a Gambler's association. Its authenticity is to be tested by 80 veteran Gamblers. The experiment is**

- (a) 75 gamblers found the dice as authentic
- (b) Count the number of gamblers who think the new dice is authentic
- (c) More than half of the gamblers testing the dice liked it
- (d) 80 gamblers each put one observation

**Q12. Classical probability is based on the assumption that**

- (a) The outcomes of an experiment are already known
- (b) The probability of an outcome of an experiment is always 0.5
- (c) The probability of all outcomes in an experiment is always 1
- (d) The outcomes of an experiment are equally likely

**Q13. From a sample of manufactured parts, one item is selected. The mutually exclusive event is**

- (a) The event of selecting an unacceptable part
- (b) The event of selecting an acceptable part
- (c) The event of selecting an acceptable as well as an unacceptable part
- (d) (a) & (b) above, not (c)

**Q14. In IPL Kolkata Knight Riders plays 70% of their games at night (8 o'clock slot) and 30% during the day (4 o'clock slot). The team wins 50% of their night games and 90% of their day games. According to today's newspaper they own yesterday. The probability that the game was played at night is**

- (a) 0.4667
- (b) 0.5645
- (c) 0.35
- (d) 0.5

**Q15. Empirical probability is based on**

- (a) The number of times an event occurs as a proportion of a known number of trials
- (b) The number of times an event occurs as a proportion of possible outcomes
- (c) The number of times an event occurs as a proportion of favourable outcomes
- (d) The number of times an event occurs as a proportion of favourable events

**Q16. The empirical probability of getting a head in tossing a coin once is**

- (a) 0.5 or 1
- (b) 0 or 1
- (c) 0.5
- (d) 0

**Q17. A local bank reports that 80% of its customers maintain a checking account, 60% have a savings account and 50% have both. If a customer is chosen at random the probability that the customer does not have either a checking or a savings account is**

- (a) 0.90
- (b) 0.50
- (c) 0.45
- (d) 0.10

**Q18. Over a large number of trials - tossing a coin**

- (a) The empirical probability of an event will approach 0
- (b) The empirical probability of an event will approach 1
- (c) The empirical probability of an event will approach classical probability
- (d) The classical probability of an event will approach empirical probability

**Q19. On February 1, 2003 the space shuttle Columbia exploded. This was the second disaster in 113 space mission for NASA. On the basis of this information the probability that a future mission is successfully completed is**

- (a) 0.5
- (b) 0.98
- (c) 1
- (d) 0.017

**Q20. After appearing in CMA foundation examination if you said that there is 50% chance of passing then you are depending on**

- (a) Classical probability
- (b) Empirical probability
- (c) Subjective probability
- (d) Biased probability

**Q21.** One card is randomly selected from a standard 52 card deck. The probability, as answered by you, of getting a queen is  $1/13$ . You used the

- (a) Classical approach to probability
- (b) Empirical approach to probability
- (c) Subjective approach to probability
- (d) Biased approach to probability

**Q22.** The center for child care reports on 540 children and marital status of their parents. There are 334 married, 182 divorced, and 24 widowed parents. The probability of a particular child chosen at random will have a parent who is married is

- (a) 0.62 by classical probability approach
- (b) 0.5 by empirical probability approach
- (c) 0.62 by empirical probability approach
- (d) 0.62 by subjective probability approach

**Q23.** Baye's Theorem is useful in

- (a) Revising probability estimates
- (b) Computing conditional probabilities
- (c) Computing Sequential probabilities
- (d) None of these

**Q24.** Addition rule for not mutually exclusive events A & B is

- (a)  $P(A \text{ or } B) = P(A) + P(B)$
- (b)  $P(A \text{ or } B) = P(A + B)$
- (c)  $P(A \text{ or } B) = P(A) + P(B) - P(AB)$
- (d)  $P(A \text{ or } B) = P(A + B - AB)$

**Q25.** Joint probabilities of events A & B under statistical independence is

- (a)  $P(AB) = P(A) + P(B)$
- (b)  $P(AB) = P(A) * P(B)$
- (c)  $P(AB) = P(A) * P(B) - P(AB)$
- (d)  $P(AB) = 1 - P(A) * P(B)$

**Q26.** Conditional probability under statistical independence is

- (a)  $P(B/A) = P(BA)$
- (b)  $P(B/A) = P(B)P(A)$

$$(c) P(B/A) = \frac{P(BA)}{P(A)}$$

$$(d) P(B/A) = P(B)$$

**Q27. Conditional probability under statistical dependence is**

$$(a) P(B/A) = P(BA)$$

$$(b) P(B/A) = P(B)P(A)$$

$$(c) P(B/A) = \frac{P(BA)}{P(A)}$$

$$(d) P(B/A) = P(B)$$

**Q28. Joint probabilities of events A & B under statistical dependence is**

$$(a) P(BA) = P(B/A) * P(B)$$

$$(b) P(BA) = P(B/A) * P(A)$$

$$(c) P(BA) = P(B/A)/P(AB)$$

$$(d) P(BA) = P(B/A)$$

**Q29. A golfer has 12 golf shirts in his closet. Suppose 9 of these shirts are white and the others blue. He gets dressed in the dark. So he just grabs a shirt and puts it on. He plays golf two days in a row and does not launder and return the used shirts to the closet. The likelihood that both the shirts selected are white is represented as**

$$(a) P(W_2/W_1) = \frac{P(W_2W_1)}{P(W_1)}, \text{ Where } W_1 \& W_2 \text{ are events of wearing white shirts}$$

$$(b) P(W_2W_1) = P(W_2/W_1) * P(W_1) \text{ Where } W_1 \& W_2 \text{ are events of wearing white shirts}$$

$$(c) P(W_2W_1) = P(W_2/W_1) \text{ Where } W_1 \& W_2 \text{ are events of wearing white shirts}$$

$$(d) P(W_1W_2) = P(W_2/W_1) * P(W_2), \text{ Where } W_1 \& W_2 \text{ are events of wearing white shirts}$$

**Q30. A golfer has 12 golf shirts in his closet. Suppose 9 of these shirts are white and the others blue. He gets dressed in the dark. So he just grabs a shirt and puts it on. He plays golf three days in a row and does not launder and return the used shirts to the closet. The likelihood that all the three shirts selected are white is**

$$(a) 0.38$$

$$(b) 0.55$$

$$(c) 0.75$$

$$(d) 0.16$$

**Q31. The board of directors of IBM consists of eight men and four women. A four-member search committee is to be chosen at random to conduct a nationwide search for a new President. The probability that all four members of the search committee will be women is**

- (a) 0.016
- (b) 0.1414
- (c) 0.002
- (d) 0.057

**Q32. Sardar a taxi driver in Kolkata has found that the weather affects his customers' tipping. If it is raining his customers usually tip poorly. When it is not raining, however, they usually tip well. Which of the following is true?**

- (a) Tips and weather are statistically independent
- (b) The weather conditions in Kolkata are not mutually exclusive
- (c)  $P(\text{Good tip} | \text{rain})$  is larger than  $P(\text{bad tip} | \text{rain})$
- (d) None of these

**Q33. When two events happen simultaneously which of the following is true?**

- (a) The outcome of the first event always have an effect on the outcome of the second event
- (b) The outcome of the first event may or may not have an effect on the outcome of the second event
- (c) The outcome of the first event does not not have any effect on the outcome of the second event
- (d) The outcome of the first event have always a 50% effect on the outcome of the second event

**Q34. A card is drawn from an ordinary pack and a gambler bets it is a spade or an ace. Odds against his winning is**

- (a) 1/13
- (b) 11/13
- (c) 9/4
- (d) 5/11

**Q35. There are three events A, B, C one of which must and only one can happen. The odds are 7 to 3 against A and 6 to 4 against B. The odds against C is**

- (a) 3/10
- (b) 4/10
- (c) 1/2
- (d) 7/3

Answers:

Q 1	c	Q 24	c
Q 2	a	Q 25	b
Q 3	b	Q 26	d
Q 4	a	Q 27	c
Q 5	a	Q 28	b
Q 6	c	Q 29	b
Q 7	d	Q 30	a
Q 8	a	Q 31	c
Q 9	b	Q 32	b
Q 10	a	Q 33	a
Q 11	b	Q 34	c
Q 12	d	Q 35	d
Q 13	d		
Q 14	b		
Q 15	a		
Q 16	b		
Q 17	d		
Q 18	c		
Q 19	b		
Q 20	c		
Q 21	a		

**Suggestions:**

The study guide needs to be read thoroughly. Supplementary readings could be made from other resources. In this issue MCQs are based basic concepts of Probability as discussed in April issue & supplement to the discussions in the study guide. Students should try to understand the correct answer of each question. For development of clear concept detail discussions on answers are not made. All are covered in study guide.

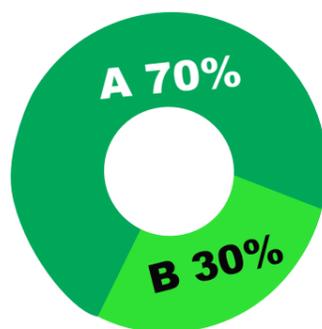
PAPER: 4 - Part - I

# FUNDAMENTALS

OF BUSINESS ECONOMICS AND  
MANAGEMENT (FBEM) -  
Economics

Dr. Bibekananda Raychaudhuri  
Associate Professor,  
Department of Economics,  
N.S.O.U., Kalyani, W.B.  
He can be reached at:  
brchaudhuri@gmail.com

## Your Preparation Quick Takes



### Syllabus Structure

Section A: Fundamentals of Business Economics 70%

Section B: Fundamentals of Management 30%

Hellow friends!! Hope all of you are doing fine. Today, I would like to talk about climate change. You must be knowing that climate change is a Devine punishment for the environmental pollution created by mankind. As a result we are experiencing abnormal heat during summer. This heat is being generated by the excess of carbon-di-oxide gas being released by men. Hot environment will melt down ice in the Antarctic region and the sleeping monster consisting of thousands of unknown viruses who have remained dormant in the kingdom of ice, will invade the human race. Covid-19 virus is only one of them. So you can well imagine what is going to happen in future. Now it is high time to take a pledge. We should take every possible step to prevent such a catastrophe. Let us switch over now to our usual mock test.

**I. Choose the correct answer:**

**1. Who was the proponent of the growth definition of economics?**

- A. Adam Smith
- B. Lionel Robbins
- C. Paul A Samuelson
- D. None of the above

**2. In the long run**

- A. All costs are variable
- B. All costs are fixed
- C. Some costs are variable
- D. None of the above

**3. Short run total cost**

- A. Cannot be zero
- B. Can be zero
- C. Both of them
- D. None of the above

**4. As output rises, AFC**

- A. Also rises
- B. First falls and then rises
- C. Falls but it cannot be zero
- D. None of the above

**5. Law of variable proportions explains the shape of**

- A. AFC curve
- B. LAC curve
- C. SAC curve
- D. None of the above

**6. SMC curve cuts the minimum point of the SAC curve**

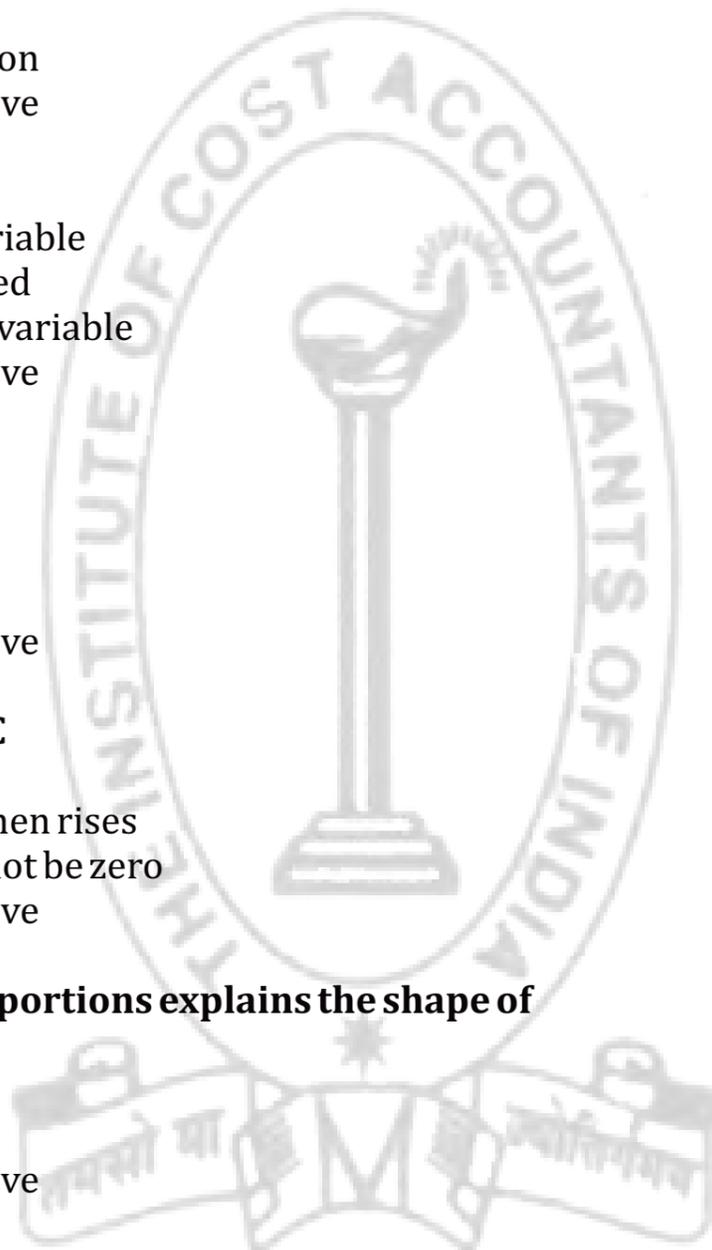
- A. From above
- B. From below
- C. Both from below and above
- D. None of the above

**7. SMC is equal to**

- A. Change in LMC
- B. Change in TFC
- C. Change in TVC
- D. None of the above

**8. When AVC is rising, then**

- A.  $SMC > AVC$
- B.  $SMC < AVC$
- C.  $SMC = AVC$
- D. None of the above



**9. When LAC is minimum, then**

- A.  $LMC > LAC$
- B.  $LMC < LAC$
- C.  $LMC = LAC$
- D. None of the above

**10. When plant size is optimum for any particular level of output, then**

- A.  $SMC < LMC$
- B.  $SMC > LMC$
- C.  $SMC = LMC$
- D. None of the above

**KEY:** 1. C, 2. A, 3. A, 4. C, 5. C, 6. B, 7. C, 8. A, 9. C, 10. C

**II. Fill in the blanks:**

1. Demand curve with unit elasticity at every point on it will take the shape of .....
2. The other name of monopolistic competition is .....
3. Indian central bank is called .....
4. If CRR is increased the credit creation by commercial banks will .....
5. A perfectly competitive firm is a price .....

**KEY:** 1. Rectangular hyperbola, 2. Product differentiation, 3. RBI, 4. Fall, 5. Taker

**III. True or False:**

1. Schumpeter is the Father of economics
2. Profit is the main aim of Central bank
3. According to Keynes, the rate of interest will decide the value of money
4. During inflation, borrowers will gain
5. Bill of exchange is called near money

**KEY:** 1. False, 2. False, 3. True, 4. True, 5. True

**IV. Matching:**

1. Market economy	A. cartel
2. Selling cost	B. liquidity preference
3. Oligopoly	C. perfect competition
4. Fisher	D. monopolistic competition
5. Keynes	E. quantity theory of money

**KEY:** 1. C, 2. D, 3. A, 4. E, 5. B

So friends!! How do you like the mock test? I have laid more stress on the theory of the firm under perfect competition. This portion of your syllabus is extremely important for your understanding of economic theory. However, go through the study material carefully. Mock tests will help you to find out your preparedness. Wish you all the best!!

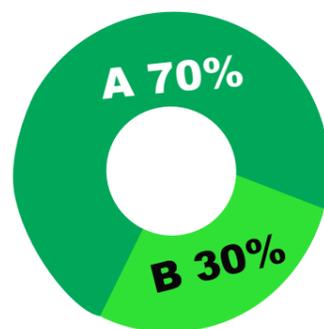
PAPER: 4 - Part - II

# FUNDAMENTALS

OF BUSINESS ECONOMICS AND  
MANAGEMENT (FBEM) -  
Management

CMA (Dr.) Sumita Chakraborty  
Additional Director, Studies,  
She can be reached at:  
[studies.addldir1@icmai.in](mailto:studies.addldir1@icmai.in)

## Your Preparation Quick Takes



### Syllabus Structure

Section A: Fundamentals of Business Economics 70%

Section B: Fundamentals of Management 30%

1. Management functions include \_\_\_\_\_

- A. planning & organizing
- B. directing
- C. controlling
- D. All of the above

Ans: D

2. MOST stands for \_\_\_\_\_

- A. Machinery, Office, Staff and Technology
- B. Mission, Objectives, Strategies and Tactics
- C. Maximum Output Strategy Tools
- D. Manager, Operator, Seller and Trader

Ans: B

3. Functional managers are responsible \_\_\_\_\_

- A. for a single area of activity
- B. to the upper level of management and staff
- C. for complex organizational sub-units
- D. for obtaining copyrights and patents for newly developed processes and equipment

Ans: A

4. The most significant management skills are \_\_\_\_\_

- A. Technical, Human and Conceptual
- B. Technical, behavioral and Conceptual
- C. Systematic, Human and Conceptual
- D. Technical, Human and cognitive

Ans: A

5. Which is NOT an informational role of manager?

- A. Monitor's role
- B. Disturbance's handler role
- C. Disseminator's role
- D. spokesman's role

Ans: B

6. The first women authority in Management is:

- A. Mary Parkett
- B. Lillian Gilberth
- C. White Head
- D. Elton Mayo

Ans: B

7. Management is the art and science of decision making and leadership-----

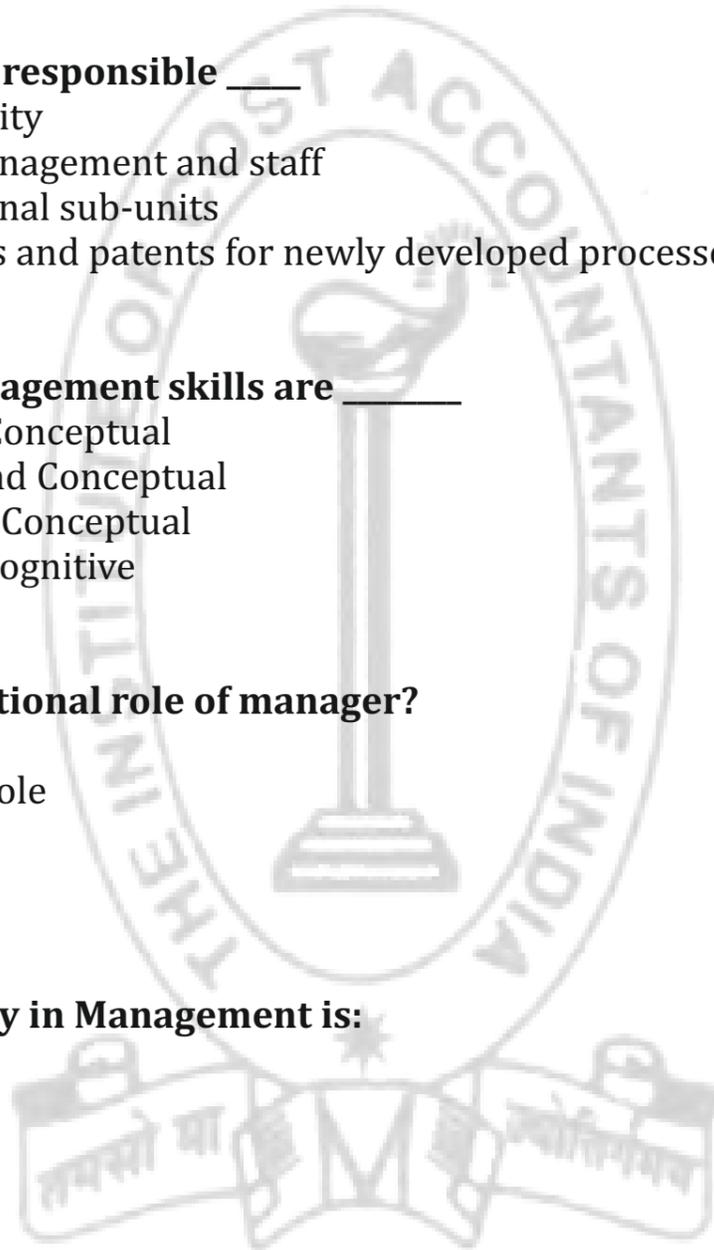
- A. Harold Koontz
- B. Donald J Clough
- C. Louis Allan
- D. Terry

Ans: B

8. The decision which is implemented within the concerned department is known as-----

- A. Economic decision
- B. Departmental decision
- C. No-economic
- D. Problem decision

Ans: B



9. Crisis decision is also known as:

- A. Group decision
- B. Major decision
- C. Minor decision
- D. Spotdecision

Ans: D

10. Decision taken by committee formed by the top management for specific purposes:

- A. Group decision
- B. Organisational decision
- C. Personal decision
- D. Operative decision

Ans: A

11. Operational planning is done at:

- A. High levels of management
- B. Lower level of management
- C. Subordinates
- D. Workers

Ans: B

12. A decision taken to meet unexpected situations is known as-----

- A. Economic decision
- B. Crisis decision
- C. Non-economic decision
- D. Problem decision

Ans: B

13. Management and administration are:

- A. Same
- B. Different
- C. Partly same and partly different
- D. Same and different

Ans: C

14. Espirit de Corps means:

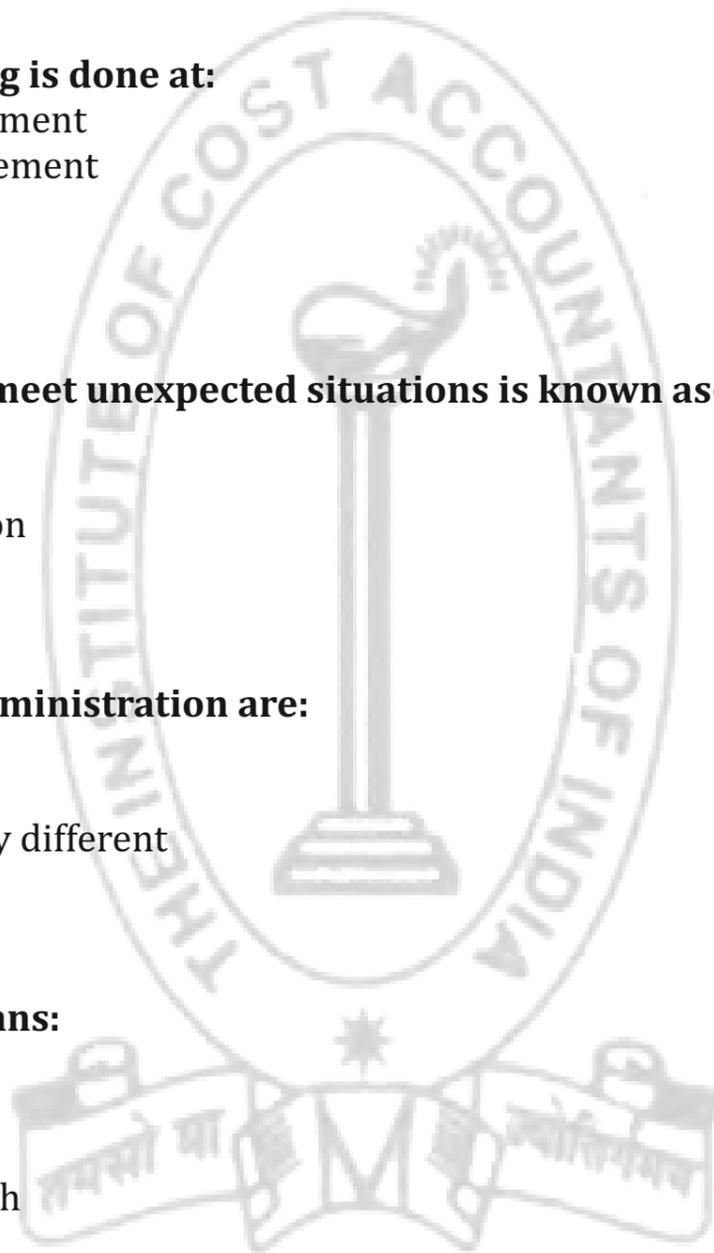
- A. Union is strength
- B. Service is our motto
- C. Buyer beware
- D. Product is our strength

Ans:A

15. Henry Fayol was a French-----

- A. Industrialist
- B. Writer
- C. Manager
- D. Actor

Ans: A





# PRACTICAL Advice

## ABOUT YOUR STUDIES - FOUNDATION COURSE

Practical support, information and advice to help you get the most out of your studies.

START

01

**Read Study Notes, MTPs, MQPs, E-Bulletin, Work Books, Attend Webinar sessions**

**Solve Exercises given in Study Note**

02

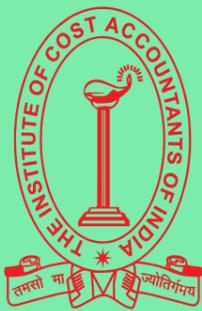
03

**Assess Yourself**

**Appear For Examination**

04

FINISHED



# SUBMISSIONS

Dear Students,

We are very much delighted to receive responses from all of you; for whom our effort is!

We have noted your queries and your requests will definitely be carried out. Further, requesting you to go through the current edition of the bulletin. All the areas will be covered gradually. Expecting your responses further to serve you better as we believe that there is no end of excellence! One of the mails received is acknowledged below.

Please put your opinions so that we can make your e-bulletin everything that you want it to be.

All rights reserved. No part of this Bulletin may be translated or copied in any form or by any means without the prior written permission of the Institute of Cost Accountants of India.

Send your Feedback to:  
e-mail: [studies.ebulletin@icmai.in](mailto:studies.ebulletin@icmai.in)  
website: <http://www.icmai.in>

## Updation of E-Mail Address/Mobile:

Students are advised to update their E-Mail id and Mobile Numbers timely so that important communications are not missed as the same are sent through bulk mail/SMS nowadays. Student may update their E-Mail id/ Mobile Number instantly after logging into their account at [www.icmai.in](http://www.icmai.in) at request option.



## *Message from* **Directorate of Studies**

Dear Students,

Greetings from the D.O.S.!!!

We from the Directorate of Studies understand your expectations from us and accordingly we are trying to deliver some meaningful tips through various publications in soft versions like-E-bulletins, Mock Test Papers (MTPs), Model Question Papers (MQPs) and we also have conducted Tutorial Webinar Sessions for the benefit of the students. Supplementary and Amendments are also uploaded from time to time to keep the students updated about the recent changes made in the papers; wherever applicable.

- Certain general guidelines are listed below and which will help you in preparing for the examinations:
- Conceptual understanding and overall understanding of the subjects should be clear,
- Students are advised to go through the study material provided by the Institute meticulously,
- Students should know and learn the basic understandings of the subjects with focus on core concepts,
- Students are expected to give to the point answer which is a pre-requisite for any professional examination,
- To strengthen the answers, students are advised to answer precisely and in the structured manner,
- Proper time management is also important while answering.

**GOOD LUCK**

**Be prepared and be successful**

Disclaimer:

Although due care and diligence have been taken in preparation and uploading this E-bulletin, the Institute shall not be responsible for any loss or damage, resulting from any action taken on the basis of the contents of this E-bulletin.



# THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

Statutory Body under an Act of Parliament

### Headquarters:

CMA Bhawan, 12 Sudder Street, Kolkata - 700016

### Delhi Office:

CMA Bhawan, 3 Institutional Area, Lodhi Road, New Delhi - 110003

[www.icmai.in](http://www.icmai.in)



# CMA LEADS

**Last Date for Admission**  
June Exam  
31<sup>st</sup> January  
of the same Calendar Year

December Exam  
31<sup>st</sup> July  
of the same Calendar Year

5,00,000<sup>+</sup>  
Students

75,000<sup>+</sup>  
Members

4 Regional  
Councils

98  
Chapters

9  
Overseas  
Centres

Largest  
CMA body  
in Asia

2nd  
Largest  
CMA body  
in the  
Globe

The Institute of Cost Accountants of India is a premier professional Institute and a statutory body constituted under an Act of Parliament under the administrative control of **Ministry of Corporate Affairs (MCA), Govt. of India** to regulate and develop the profession of Cost and Management Accountancy (CMA) in the country. The Institute established in **1944** is now celebrating the **Platinum Jubilee year** of its glorious presence.

## ADMISSIONS OPEN

✉ [studies@icmai.in](mailto:studies@icmai.in)

☎ **1800 345 0092/1800 110 910**

**For Online Admission**

<http://cmaicmai.in/students/Home.aspx>

### Cultivating and Enhancing Skills of Success

- CMA Course Curriculum is designed to meet Industry requirements and challenges in Global Economic Scenario
- Hands on Computer and Soft skills training
- Industry oriented practical training programme
- Six Skill Sets - Knowledge, Comprehension, Application, Analysis, Synthesis and Evaluation
- Four Knowledge Pillars - Management, Strategy, Regulatory Function and Financial Reporting
- Our Motto - Student friendly Syllabus and Industry friendly Students

Excellent Campus Placement Record  
in renowned Public and Private Sector Companies

Highest Salary Offered **Rs.18 Lakh p.a.** | Average Salary **Rs.7.5 Lakh p.a.**

### Few of Our Proud Recruiters



✉ [placement@icmai.in](mailto:placement@icmai.in) / [cpt@icmai.in](mailto:cpt@icmai.in)

☎ **+ 91 33 40364770**

Behind every successful business decision, there is always a **CMA**



# Few Snapshots



CMA Manoj Kumar Anand, Council Member, ICAI along with CMA Rajendra Singh Bhati, Council Member, ICAI extending greetings to Shri Arjun Ram Meghwal, Hon'ble Union Minister of Law and Justice & MoS for Culture and Parliamentary Affairs on 22nd September, 2023.



CMA Dr. V. Murali, Council Member; CMA Rajendra Singh Bhati, Council Member and CMA Dr. Kaushik Banerjee, Secretary, ICAI met with Md. Abdul Rahman Khan, President ICMAB and other representatives of ICMAB at Dhaka, Bangladesh and had a fruitful discussion on some partnering endeavours between both the Institutes widening the scope of CMA profession.



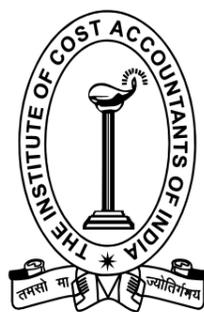
CMA Dr. V. Murali, Council Member, ICAI, CMA Rajendra Singh Bhati, Council Member, ICAI and CMA Dr. Kaushik Banerjee, Secretary, ICAI along with the representatives of ICSB and ICSI during the International Training Programme jointly conducted by ICSB and ICSI on 15-16 September, 2023 in Dhaka, Bangladesh.



Inauguration of Second batch of CAT Course under Directorate General Resettlement, Ministry of Defence, Govt. of India at Lucknow Chapter of ICAI on 25th September, 2023, by Brigadier Sanjive Sokinda, SM, VSM, Addl Director General of DRZ (Central) in the presence of CMA Rajendra Singh Bhati, Council Member & Chairman, CAT, ICAI and other dignitaries.



Members in Industry, ICAI releasing Inaugural Volume of 'Industry Insights' on 14th September, 2023



**FOLLOW US ON**



# THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory body under an Act of Parliament)

Headquarters: CMA Bhawan, 12, Sudder Street, Kolkata - 700 016

Phone: +91-33-2252-1031/34/35/1602/1492/1619/7373/7143

Delhi office: CMA Bhawan, 3, Institutional Area, Lodhi Road, New Delhi - 110 003

Phone: +91-11-2462-2156/2157/2158

**Behind every successful business decision, there is always a **CMA****