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# APFC BOOSTER

## 2026

### Special Subjects Book

for **UPSC APFC 2026** Exam.

**What's included?**

- Principles of Accountancy.
- Auditing
- Insurance
- Industrial Relations
- Labour Codes
- Social Security in India
- Basic Knowledge of Computer Applications
- Topic & Sub Topic wise PYQ's Analysis of EPFO EO/AO & APFC 2012-2025 Exams.

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# INDEX

# 01 ACCOUNTANCY

## 1.1. Introduction to Accounting

- **Accounting:** It is defined as the process of identifying, measuring, recording, summarising, interpreting and communicating the required information relating to the economic events of an organisation to the interested users of such information. It is used for the maintenance of a systematic record of all financial transactions in book of accounts.
- **Book Keeping:** It is the activities concerned with the systematic recording and classification of financial data of an organization in an orderly manner. It is essentially a record-keeping function done to assist in the process of accounting. It also involves preparing source documents for the financial transactions and other business operations being carried out.
- **Luca Pacioli** is referred to as the father of accounting and book keeping and he was the first person to publish a work on the double-entry system of book-keeping on the continent. His book Summa de Arithmetica, Geometria, Proportion at Proportionality (Review of Arithmetic and Geometric proportions) (1494) is considered as the first book on double entry book keeping. He was also called Luca di Borgo after his birthplace, Borgo, San Sepolcro in what is now Northern Italy in 1446.
- **K S. Aiyar** (1859-1940) a pioneer of Indian Accountancy and of the Accountancy profession, was first and last, a dedicated educationist. He is known as the father of India's Accountancy Profession.

### 1.1.1. Objectives of Accounting

1. **Maintenance of Business Records:** To systematically record financial transactions in books of prime entry (Journal & Ledger) to prevent omissions, errors, and fraud.
2. **Calculation of Profit or Loss:** To prepare the Trading and Profit & Loss Account (Income Statement) at the end of the accounting period to determine the net financial results of business operations.
3. **Depicting Financial Position**: To prepare the Balance Sheet as on a specific date to present a true and fair view of the business's Assets (what it owns) and Liabilities & Capital (what it owes).

- All accounts are divided into five categories for the purpose of recording of the business transactions: (i) Assets, (ii) Liability, (iii) Capital, (iv) Expenses/Losses, and (v) Revenues/Gains.
- For recording changes in Assets/Expenses/Losses
  a. Increase in Asset is debited, and decrease in Asset is credited.
  b. Increase in Expenses/Losses is debited, and decrease in Expenses/ Losses is credited.
- For recording changes in Liabilities and Capital/Revenue/Gains
  a. Increase in Liabilities is credited and decrease in Liabilities is debited.
  b. Increase in Capital is credited and decrease in Capital is debited.
  c. Increase in revenue/gains is credited and decrease in revenue/gain is debited.

## 1.3. Types of Accounts

### Types of Accounts (Traditional Approach)

An Account is a summarized record of transactions under a particular head. Under the Traditional (English) Approach, accounts are classified into three types:

**1) Personal Account**

Relates to individuals, firms, companies, or institutions.

**a) Natural Persons Account: Relates to human beings.**

- Examples: Satish A/c, Capital A/c (tracks the proprietor's investment), Drawings A/c (tracks the proprietor's personal withdrawals).

**b) Artificial Persons Account:** Relates to legal entities created by law that can contract in their own name.

- Examples: Partnership firms, Companies (e.g., XYZ Co. Ltd.), Banks, Charitable Trusts.
- In Final Account System - A branch account is generally classified as a Personal Account (an artificial person account. Its purpose is to show the net financial position/balance due from or to the branch.

**c) Representative Persons Account:** Represents natural or artificial persons indirectly when expenses or revenues are pending or timing-adjusted.

- Examples: Outstanding Salary A/c, Prepaid Rent A/c, Accrued Interest A/c, Unearned Brokerage A/c.
- Rule: Debit the receiver, Credit the giver.

**2) Real Account**

Relates strictly to the assets and properties of the business enterprise. These are permanent accounts whose balances are not closed at the end of the year; instead, they are carried forward and shown in the Balance Sheet.

**a) Tangible Real Account:** Accounts of physical assets that can be seen, touched, or felt, provided their value can be measured in money.

- **Examples**: Cash A/c, Inventory A/c, Machinery A/c, Vehicle A/c, Building A/c, Furniture and Fixtures A/c.
- **Machinery Account**: Shows a debit balance. It is a real account because it represents a physical business asset measured in monetary terms.

**b) Intangible Real Account:** Accounts of non-physical assets or legal rights that carry monetary value.

- **Examples:** Goodwill A/c, Patents A/c, Trademarks A/c, Copyrights A/c.
- **Rule:** Debit what comes in, Credit what goes out.

**3) <u>Nominal Account</u>**

Relates to expenses, losses, incomes, or gains. These are temporary accounts closed at the end of the accounting year by transferring their balances to the Trading and Profit & Loss Account, leaving no balance to carry forward.

- **Examples**: Rent A/c, Wages A/c, Salary A/c, Commission Received A/c, Interest Paid A/c. Branch A/c.
- Rule: Debit all expenses and losses, Credit all incomes and gains.
- Remember: Branch Account specifically under Debtors System is a Nominal Account. Its purpose is to calculate net profit or loss of the branch for the period. Debit side generally includes: Opening assets, goods sent to branch, Cash sent for expenses, other expenses paid by Head Office and Credit side generally includes: Cash received from branch, Closing assets, Other relevant credits. So Balancing figure = Branch Profit/Loss.

[If a prefix/suffix (ex; outstanding, prepaid) is added to a nominal account, it becomes personal account. Ex; Wages A/c is nominal account but outstanding wages a/c is representative personal account.]

| | **Personal Account** | **Real Account** | **Nominal Account** |
|---|---|---|---|
| **Debit** | The Receiver | What comes in | Expenses & losses |
| **Credit** | The Giver | What goes out | Income & gain |
| **Applicable to** | Persons, artificial persons (institution/company/bank, etc) & representative persons. | All Assets | All expense, losses, income & gains. |

## 1.4. Trial balance

» A trial balance is a statement showing the balances, or total of debits and credits, of all the accounts in the ledger with a view to verify the arithmetical accuracy of posting into the ledger accounts. It shows the final position of all accounts and helps in preparing the final statements. It is a statement containing the various ledger balances of an entity on a particular date. It may be noted that the trial balance is usually prepared with the balances of accounts. It is normally prepared at the end of an accounting year.

» **Objectives of Preparing a Trial Balance**

1. **To Ascertain Arithmetical Accuracy of Ledger Accounts:** It verifies whether debits and credits have been properly posted and balanced in the ledger. Equal totals in the debit and credit columns indicate arithmetical correctness. However, a tallied trial balance is not conclusive proof of total accounting accuracy, as certain errors (e.g., errors of principle, complete omission, or compensating errors) do not affect its agreement.
2. **To Assist in Locating Errors:** When a trial balance fails to tally (debit and credit totals are unequal), it clearly signals that one or more errors have occurred during posting, casting, or balancing. If the error cannot be detected immediately, the difference is temporarily placed in a Suspense Account.
3. **To Facilitate the Preparation of Financial Statements:** The trial balance serves as the connecting link between ledger records and final accounts, allowing financial statements to be prepared without referencing individual ledger accounts:
    - » Nominal Accounts (Expenses & Incomes): Transferred to the Trading and Profit & Loss Account.
    - » Real & Personal Accounts (Assets, Liabilities & Capital): Carried forward to the Balance Sheet.

» **Methods of Preparing a Trial Balance**

Theoretically, a trial balance can be prepared in the following three ways:

1. **Totals Method (Gross Trial Balance):**
    - » **Procedure:** The total of the debit side and the total of the credit side of each ledger account are extracted and placed directly into the respective debit and credit columns of the trial balance.
    - » **Feature:** If the total of debit entries matches the total of credit entries across all accounts, the trial balance agrees.
2. **Balances Method (Net Trial Balance):**

» On the credit side - Net sales and closing stock and other particulars listed above.

## 1.7. Profit and Loss Account

- It is prepared to find out Net Profit/Net Loss.
- Gross Profit = Sales – (Purchases + Direct Expenses)
- Net Profit = Gross Profit + other incomes – Indirect expenses.
- It is prepare for visibility of income, earning, expenses and loss incurred in specific range of time.
- It helps to take right business decision where should we do cost cutting, from where business generate more profit.
- All the items of revenue income and expenses whether cash or non-cash are consider in this account.
- Only revenue income and expenses related to the current year are debited or credited to this account.
- It start with gross profit at the credit side and if there is gross loss, it is shown on debit side.

Following items are not shown in this account

1. **Drawings:** Drawings are not expenses of firm so not show in this account.
2. **Income tax:** In case of sole proprietor it is his personal expenses so debited from capital account.

❑ **Profit and Loss Account (For the year ended 31 March)**

| **Particulars (All Revenue Expenditure / Debit)** | **Particulars (All Revenue Income / Credit)** |
|---|---|
| **To Gross Loss** | **By Gross Profit** |
| **Management Expenses:** | **Income:** |
| To Salary | By Discount Received |
| To Office Rent, Rates and Taxes | By Commission Received |
| To Printing and Stationery | **Non-Trading Income:** |
| To Telephone Charges | By Banking Interest |
| To Insurance | By Rent Received |
| To Audit Fees | By Dividend Received |
| To Legal Charges | By Bad Debt Recovered |
| To Electricity Charges | **Abnormal Gain:** |
| To Maintenance Charges | By Profit on Sale of Machinery |
| To Repairs and Renewals | By Profit on Sale of Investment |
| To Depreciation | By Net Loss |
| **Selling & Distribution Expenses:** | |

## 1.14.1. Departmental accounting

- **Meaning:**
  - Departmental accounting is the system of accounting under which the trading results of different departments of the same business are separately ascertained. It helps management determine the profitability and performance of each department.
- **Objectives**
  - To ascertain the profit or loss of each department separately.
  - To compare the performance of different departments.
  - To exercise better control over departmental expenses.
  - To identify efficient and inefficient departments.
  - To facilitate managerial decision-making.
- **Departmental Trading & Profit and Loss Account**
  - A separate Trading and Profit & Loss Account may be prepared for each department.
  - It generally contains:
- **Trading items**
  - Opening stock
  - Purchases
  - Direct expenses
  - Sales
  - Closing stock
  - Gross Profit/Gross Loss
- **Profit & Loss items**
  - Department-specific expenses
  - Allocated common expenses
  - Departmental Gross Profit
  - Departmental Net Profit/Net Loss
- **Allocation of Common Expenses — Important Bases**

| Expense | Basis of Allocation |
|---|---|
| Rent, rates & taxes | Floor area occupied |
| Electricity | Units consumed / meter reading |
| Advertisement | Sales ratio |
| Carriage outward | Sales / weight / quantity |
| Insurance of assets | Value of assets |
| Depreciation | Value/cost of assets |
| Salaries of common staff | Time spent / suitable ratio |

# 02 AUDITING

## 2.1. Introduction to Auditing

- The word 'audit' is derived from the Latin word 'audire' which means 'to hear'.
- Definition by Spicer and Pegler : "An audit may be said to be such an examination of the Books, accounts and vouchers of a business as will enable the auditor to satisfy that the Balance Sheet is properly drawn up, so as to give a true and fair view of the state of affairs of the business and whether the Profit or Loss for the financial period according to the best of his information and .the explanations given to him and as shown by the books, and if not, in what respect is not satisfied."
- Difference between Accountancy and Auditing- Accountancy is mainly concerned with the checking of the transactions recorded in the books of accounts, extraction of the trial balance, preparation of the trading, profit and loss account and balance sheet. Auditing is the critical examination of the books of accounts and checking of the financial statement for the purpose of ascertaining the true and fair position and results of operation of a concern. Audit does not involve the preparation of accounts but it is concerned with the detailed examination of the complete accounting records.

| Basis for Comparison | Accounting | Auditing |
|---|---|---|
| Meaning | Accounting means systematically keeping the records of the accounts of an organization and preparation of financial statements at the end of the financial year. | Auditing means inspection of the books of account and financial statements of an organization. |
| Nature | Constructive in nature | Analytical in nature |
| Governed By | Accounting Standards | Standards on Auditing |
| Work performed by | Accountant | Auditor |
| Purpose | To show the performance, profitability and financial position of an organization. | To reveal the fact, that to which extent financial statement of an organization gives true and fair view. |
| Reporting | Not necessary | Necessary |
| Start | Accounting starts where bookkeeping ends. | Auditing starts where accounting ends. |

## 2.9. Vouching & Vouchers

### Definition of Vouching

- Vouching: The audit procedure of examining documentary evidence (vouchers) to establish the authenticity, validity, occurrence, and proper authorization of entries recorded in the books of accounts. Often referred to as the "Backbone of Auditing."
- Primary Objective: To verify that every transaction actually took place, belongs to the entity, is legally authorized, and is supported by genuine documentary proof.
- Vouching is not merely checking "arithmetic accuracy" (which is done via checking postings and castings). Arithmetic accuracy is secondary to establishing transaction authenticity.

### Definition of a Voucher

- Voucher: Any written documentary evidence produced to substantiate and support an entry recorded in the books of accounts.

### Classification of Vouchers

| Voucher Type | Meaning / Definition | Examples |
|---|---|---|
| **Primary Voucher** | The original written document produced to support a business transaction. | Original Purchase Invoice, Rent Receipt, Original Cash Receipt. |
| **Collateral (Secondary) Voucher** | Subsidiary or secondary evidence (such as copies/duplication) produced when the original voucher is unavailable or missing. | Carbon copy of Sales Invoice, Copy of Resolution, Photocopy of Lease Agreement. |

- Primary Objective of Vouching: To verify the authenticity and validity of recorded transactions.
- Direction of Vouching: Moves backward from accounting entries - supporting vouchers (tests for Occurrence & Authenticity).
- Vouching vs. Verification: Vouching applies to Income & Expense transactions, whereas Verification applies to Balance Sheet Assets & Liabilities.

| Vouching | Verification |
|---|---|
| Mainly examines transactions | Mainly examines assets & liabilities |
| Based heavily on documentary evidence | Establishes existence, ownership/rights and valuation |
| Checks occurrence/authenticity | Checks existence, ownership and valuation |

» **Key Renamed Standards (Formerly AAS):**
- SA 200 (formerly AAS-1 & AAS-2): Overall Objectives of the Independent Auditor
- SA 230 (formerly AAS-3): Audit Documentation
- SA 240 (formerly AAS-4): The Auditor's Responsibilities Relating to Fraud
- SA 300 (formerly AAS-8): Planning an Audit of Financial Statements
- SA 315: Risk identification & assessment
- SA 320 (formerly AAS-13): Materiality in Planning and Performing an Audit.
- SA 330: Responses to assessed risks.
- SA 500: Audit Evidence
- SA 530 (formerly AAS-15): Audit Sampling
- SA 570 (Revised) (formerly AAS-16): Going Concern

❑ **Audit Documentation & Audit File (SA 230)**

1) **Definitions**

» **Audit Documentation (Working Papers)**: The actual content and records of audit procedures performed, evidence obtained, audit programmes, and conclusions reached by the auditor.

» **Audit File:** The physical or electronic folder/container (one or more binders/drives) assembled to store the audit documentation for a specific engagement.

**Key Distinctions**

| Parameter | Audit Documentation | Audit File |
|---|---|---|
| Nature | The information/evidence collected inside. | The storage repository/binder housing the records. |
| Media Format | Paper, electronic, or any other media. | Binders, drives, or cloud software. |
| Structure | Working papers, checklists, external confirmations. | Divided into Permanent File & Current File. |
| Assembly Limit | Prepared continuously throughout the audit. | Final assembly completed within 60 days of Audit Report date. |

2) **Mandatory Inclusions in Audit Documentation**

» **Audit Programmes:** Detailed step-by-step procedures to be executed.

» **Significant Matters Summary:** Documenting key accounting issues, audit findings, and professional judgments.

» **Corroborative Evidence:** Third-party confirmation letters, management representations, and analytical schedules.

» The insured cannot claim the full loss amount from every insurer. All insurers contribute proportionately to the actual loss.
» Claim Share = Actual Loss * ( Sum Insured with Specific Insurer/Total Sum Insured Across All Policies)

**7. Principle of Loss Minimization**

» It is the legal obligation of the insured (policyholder) to take all reasonable steps to mitigate and minimize damage to the property during an event.
» The policyholder must act responsibly, as if the property were completely uninsured.

**Summary - Applicability Across Insurance Types**

| Principle | Life Insurance | Fire / Marine / General Insurance |
|---|---|---|
| Utmost Good Faith | Applicable | Applicable |
| Insurable Interest | Applicable | Applicable |
| Indemnity | Not Applicable | Applicable |
| Proximate Cause | Applicable | Applicable |
| Subrogation | Not Applicable | Applicable |
| Contribution | Not Applicable | Applicable |
| Loss Minimization | Applicable | Applicable |

## 3.5. Importance of insurance sector

❑ **Benefits of Insurance:**

» The obvious benefit of insurance is the payment of losses.
» Manages cash flow uncertainty when paying capacity at the time of losses is reduced significantly.
» Complies with legal requirements by meeting contractual and statutory requirements, also provides evidence of financial resources.
» Promotes risk control activity by providing incentives to implement a program of losing control because of policy requirements.
» The efficient use of the insured's resources. It provides a source of investment funds. Insurers collect the premiums and invest those in a variety of investment vehicles.
» Insurance is support for the insured's credit. It facilitates loans to organisations and individuals by guaranteeing the lender payment at the time when collateral for the loan is destroyed by an insured event. Hence, reducing the uncertainty of the lender's default by the party borrowing funds.
» It reduces social burden by reducing uncompensated accident victims and the uncertainty of society.

- **Policy Expansion:** India has the largest life insurance policyholder base globally, with over 380 million active policies, projected to grow at a Compound Annual Growth Rate (CAGR) of 12–15%.
- **FDI Cap in Private Insurance:** Foreign Direct Investment (FDI) in Indian private insurance companies and insurance intermediaries is allowed up to 100% under the automatic route under the Sabka Bima Sabki Raksha (Amendment of Insurance Laws) legal framework.
- **Special Status for LIC:** Foreign investment in the Life Insurance Corporation of India (LIC) is capped at 20% under the automatic route, maintaining its distinct statutory framework under the LIC Act, 1956.

**Summary Matrix:**

| Segment | FDI Cap | Entry Route | Governing Legislation |
|---|---|---|---|
| Private Insurance Entities | 100% | Automatic Route | Insurance Act, 1938 / Companies Act, 2013 |
| Insurance Intermediaries | 100% | Automatic Route | IRDAI Regulations |
| Life Insurance Corporation (LIC) | 20% | Automatic Route | LIC Act, 1956 |

## Banking sector vs insurance sector

| **Year** | **Banking sector** | **Insurance sector** |
|---|---|---|
| Regulator | RBI | IRDAI |
| 1948-49 | Nationalization of RBI | |
| 1955 – 56 | Nationalization of SBI | Nationalization of the Life Insurance sector and LIC came into existence. |
| 1969 | Nationalization of 14 Private Banks | |
| 1972 | | GIC Act – GIC and its 4 subsidiaries tookover – 107 (private owned) General Insurance Companies. |
| 1980 | Nationalization of 6 Private Banks | |
| Reforms In 1990s | Narasimham committee I (1991) and II (1998) + privatization and | Malhotra Committee (1993) + Private insurance companies were allowed + FDI was liberalized |

2) <u>**Based on configurations (size & capacity) –**</u>

1. **Microcomputer / Personal Computer (PC)- Ex; Desktop computer, Laptop, Palmtop**
2. **Minicomputer/ Mid-range computer**
3. **Mainframe computer**
4. **Super computer** (aka Number crunchier) – They have high processing speed. The speed of supercomputers are measured in FLOPS (Floating Point Operations Per Second).
    - World's first supercomputer - CRAY-1 (1976)
    - India's first supercomputer- PARAM 8000 — India's first Giga-scale supercomputer; developed in 1990 and unveiled in 1991.
    - Pratyush - A high-performance computing system used primarily for weather and climate modelling, installed at the Indian Institute of Tropical Meteorology (IITM), Pune. Its computing capacity is 4 petaflops.

**India's Key Supercomputers**

| Supercomputer | Developed / Hosted By | Peak Speed (Rpeak) | PIB-Verified Key Exam Fact |
|---|---|---|---|
| AIRAWAT-PSAI | C-DAC Pune | 13.17 Petaflops (Double Precision) | Current fastest supercomputer in India (MeiTY Release, May 2023). |
| Arka | IITM Pune | 11.77 Petaflops | Weather forecasting system under Mission Mausam (MoES Release, Sept 2024). |
| PARAM Siddhi-AI | C-DAC Pune | 5.26 Petaflops | Fastest machine in the official PARAM series. |
| Pratyush | IITM Pune | 4.0 Petaflops | Legacy weather system replaced by Arka (6.8 PFLOPS combined with Mihir). |
| PARAM 8000 | C-DAC | 5 GFLOPS | India's first supercomputer (Built in 1991). |

5. **Quantum computer:**
    - QSim -India's first 'Quantum Computer Simulator (QSim) Toolkit'.
    - QpiAI-Indus Quantm Computer - India's first full stack quantum computing system.
    - India's first Quantum Computing Valley is being established in Amaravati, Andhra Pradesh, under the ₹6,000-crore National Quantum Mission (NQM) in partnership with IBM and TCS.

4. **S-HTTP (Secure HyperText Transfer Protocol):** An experimental protocol designed to provide secure communication for HTTP transactions, including confidentiality, authentication/integrity and related security services.
    - **Remember:** S-HTTP is different from HTTPS. S-HTTP secures individual HTTP messages/transactions, whereas HTTPS secures HTTP communication using TLS.
5. **SET Protocol:** Secure Electronic Transaction (SET) is a method that assures the security and integrity of electronic transactions made using credit cards
6. **PEM Protocol:** (Privacy-enhanced mail) is used for email security over the internet.
7. **PGP Protocol:** (Pretty Good Privacy)

❑ **Email**

» Electronic mail (email or e-mail) is a method of transmitting and receiving messages using electronic devices. Popular webmail providers are Yahoo!, Microsoft's Outlook.com (previously Hotmail), and Google's Gmail. In 1971 Ray Tomlinson invented and developed electronic mail by creating ARPANET's networked email system.

» Email spam known as junk email is unsolicited messages sent in bulk by email (spamming).

» SMTP, POP3, and IMAP are key protocols for email communication. SMTP (Simple Mail Transfer Protocol) is used for sending emails, while POP3 (Post Office Protocol version 3) and IMAP (Internet Message Access Protocol) are used for retrieving emails from a server. The main difference between POP3 and IMAP lies in how they handle email storage and access: POP3 downloads emails to a single device and often deletes them from the server, while IMAP synchronizes emails across multiple devices and keeps them stored on the server.

## 4.11. Artificial Intelligence (AI), Generative AI & Large Language Models

» Artificial Intelligence (AI) refers to computer systems designed to perform tasks that normally require human-like intelligence, such as learning, reasoning, recognising patterns, understanding language and making predictions.

**Generative AI**

» Generative AI systems can create new content such as text, images, audio, video or computer code based on learned patterns.

**Large Language Model (LLM)**

- A Large Language Model (LLM) is an AI model trained on large amounts of text/data to understand and generate human-like language.
- ChatGPT is an AI system based on large language models (LLMs) and is designed to interact with users using natural language.

**Remember**

- **ChatGPT** → AI system based on LLMs
- **LLM** → Large Language Model
- **ChatGPT is NOT a programming language.**
- **ChatGPT is NOT merely a conventional chatting software;** the underlying technology is based on AI/LLMs.

### GPU and Artificial Intelligence

- GPU (Graphics Processing Unit) is a processor designed for highly parallel computation.
- Although GPUs were originally developed primarily for graphics processing, their ability to perform a large number of calculations simultaneously makes them highly suitable for Artificial Intelligence and machine-learning workloads.

**Why GPUs are preferred for AI**

- **AI/deep-learning models** involve huge numbers of mathematical operations.
- **GPUs contain many processing units** capable of performing operations in parallel.
- **They can accelerate** AI model training and inference.
- **GPUs are particularly useful** for matrix and tensor operations commonly used in machine learning.

**Exam Comparison**

| Component | Primary role |
|---|---|
| CPU | General-purpose sequential and parallel processing |
| GPU | Highly parallel computation; widely used for AI/ML |
| RAM | Temporary working memory |
| ROM | Non-volatile memory |
| SSD | Secondary storage |

**Remember**

- For training and deploying complex AI models, among CPU, GPU, ROM and SSD → GPU.
- Modern GPU documentation from NVIDIA specifically discusses GPU-based parallel execution for AI training and inference workloads.

settle differences from time-to-time with active encouragement of Government Outside interference should not encroach upon industrial peace.

6. **Human Relations Approach:** (Keith Davis) The concept of human relations approach underlines the need for making the individuals familiar with the work situations of the organization and uniting the efforts of the workers.
7. **Industrial Sociology Approach:** (G. Margerison) It holds the view that the core of industrial relations is the nature and development of the conflict itself.
8. **Action Theory Approach:** (Henry Sanders) The actors operate within a framework, which can at best be described as a coalition relationship. The action theory analysis of industrial relations focuses primarily on bargaining as a mechanism for the resolution of conflicts.
9. **Oxford Approach — Allan Flanders:** Industrial relations is essentially the study of the institutions of job regulation. Job regulation may arise from internal regulation within the enterprise and external regulation involving forces outside the direct employment relationship, such as trade unions and the state. Collective bargaining is an important mechanism of rule-making.
10. **Trusteeship Approach/ Perspective:** The theory of trusteeship is based on the view that all forms of property and human accomplishments are gifts of nature and as such, they belong not to any one individual but to society. Thus, the trusteeship system is totally different from other contemporary labour relations systems.

| Approach | Thinker / Associated Scholar | Core Idea |
|---|---|---|
| **Unitary** | — | Single authority; common interests; harmony |
| **Pluralistic** | — | Multiple interests; inevitable conflict; collective bargaining |
| **Marxist** | Karl Marx | Class conflict; capital vs labour |
| **Systems** | John T. Dunlop | Actors + contexts + ideology → rules |
| **Giri** | V. V. Giri | Bipartite machinery; collective bargaining; voluntary settlement |
| **Human Relations** | Keith Davis | Human/social relations; cooperation |
| **Industrial Sociology** | G. Margerison | Nature and development of industrial conflict |
| **Action Theory** | Henry Sanders | Bargaining as mechanism for conflict resolution |

All human beings, irrespective of race, creed or sex, have the right to pursue both their material well-being and their spiritual development in conditions of freedom and dignity, of economic security and equal opportunity.

- **The 11 ILO Fundamental Instruments are:**

1. Forced Labour Convention, 1930 (No. 29)
2. Abolition of Forced Labour Convention, 1957 (No. 105)
3. Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)
4. Right to Organise and Collective Bargaining Convention, 1949 (No. 98)
5. Equal Remuneration Convention, 1951 (No. 100)
6. Discrimination (Employment and Occupation) Convention, 1958 (No. 111)
7. Minimum Age Convention, 1973 (No. 138)
8. Worst Forms of Child Labour Convention, 1999 (No. 182)
9. Occupational Safety and Health Convention, 1981 (No. 155)
10. Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187)
11. Protocol of 2014 to the Forced Labour Convention, 1930 (P029)

**India has ratified following 6 of the 10 Fundamental Conventions.**

1. C29 — Forced Labour Convention.
2. C100 — Equal Remuneration Convention.
3. C105 — Abolition of Forced Labour Convention.
4. C111 — Discrimination (Employment and Occupation) Convention.
5. C138 — Minimum Age Convention.
6. C182 — Worst Forms of Child Labour Convention.

India has not ratified five key International Labour Organization (ILO) instruments. These consist of four fundamental and governance conventions and one protocol.

**Unratified ILO Conventions & Protocols**

1. C087: Freedom of Association and Protection of the Right to Organise Convention, 1948
2. C098: Right to Organise and Collective Bargaining Convention, 1949
3. C155: Occupational Safety and Health Convention, 1981
4. C187: Promotional Framework for Occupational Safety and Health Convention, 2006
5. P029: Protocol of 2014 to the Forced Labour Convention, 1930

# 06 LABOUR CODES

The Government of India has consolidated/rationalised 29 Central labour laws into four Labour Codes. The four Labour Codes came into force with effect from 21 November 2025.

| Labour Code | Acts Subsumed Under It |
|---|---|
| **Industrial Relations Code, 2020** | 1. Trade Unions Act, 1926<br>2. Industrial Employment (Standing Orders) Act, 1946<br>3. Industrial Disputes Act, 1947 |
| **Code on Wages, 2019** | 1. Payment of Wages Act, 1936<br>2. Minimum Wages Act, 1948<br>3. Payment of Bonus Act, 1965<br>4. Equal Remuneration Act, 1976 |
| **Code on Social Security, 2020** | 1. Employees' Provident Funds and Miscellaneous Provisions Act, 1952<br>2. Employees' State Insurance Act, 1948<br>3. Employees' Compensation Act, 1923<br>4. Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959<br>5. Maternity Benefit Act, 1961<br>6. Payment of Gratuity Act, 1972<br>7. Cine-workers Welfare Fund Act, 1981<br>8. Building and Other Construction Workers' Welfare Cess Act, 1996<br>9. Unorganised Workers' Social Security Act, 2008 |
| **Occupational Safety, Health and Working Conditions Code, 2020** | 1. Factories Act, 1948<br>2. Mines Act, 1952<br>3. Dock Workers (Safety, Health and Welfare) Act, 1986<br>4. Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996<br>5. Plantations Labour Act, 1951<br>6. Contract Labour (Regulation and Abolition) Act, |

## 6.1. Code on wages, 2019

- Code on Wages, 2019 is a comprehensive legislation consolidating and rationalising wage-related laws, comprising 69 Sections across 9 Chapters, with its substantive provisions forming part of the four Labour Codes implemented from 21 November 2025.
- **Purpose:** The Code consolidates and amends laws relating to wages, minimum wages, payment of wages, bonus, equal remuneration, and matters connected with wages and bonus.

### Four acts subsumed:

- Payment of Wages Act, 1936
- Minimum Wages Act, 1948
- Payment of Bonus Act, 1965
- Equal Remuneration Act, 1976

### Structure of the code

| Chapter | Subject |
|---|---|
| Chapter I | Preliminary |
| Chapter II | Minimum Wages |
| Chapter III | Payment of Wages |
| Chapter IV | Payment of Bonus |
| Chapter V | Advisory Board |
| Chapter VI | Payment of Dues, Claims and Audit |
| Chapter VII | Inspector-cum-Facilitator |
| Chapter VIII | Offences and Penalties |
| Chapter IX | Miscellaneous |

### Important definitions

1. **Wages:**
   - Under Section 2, wages principally include basic pay, dearness allowance and retaining allowance, if any; certain components are excluded subject to the statutory 50% rule, under which any excess of such excluded components over 50% of total remuneration is added back to wages for statutory purposes.
   - Important exclusions include: bonus payable under law, value of house accommodation, contribution to pension/provident fund, conveyance allowance, HRA, overtime allowance, commission, gratuity on termination, retrenchment compensation, and other specified payments.

## » High-yield numerical table

| Topic | Figure |
|---|---|
| Acts subsumed | 4 |
| Sections | 69 |
| Chapters | 9 |
| Minimum wage revision | Within 5 years |
| Overtime | 2× normal rate |
| Maximum wage period | 1 month |
| Monthly wage payment | Before 7th day |
| Termination payment | 2 working days |
| Maximum deductions | 50% |
| Maximum fine | 3% of wages |
| Minimum bonus | 8⅓% |
| Minimum bonus alternative | ₹100 |
| Maximum bonus | 20% |
| Minimum work for bonus | 30 days |
| Set-on/set-off | 4 years |
| Allocable surplus — banking company | 60% |
| Allocable surplus — other establishment | 67% |
| Bonus payment | Within 8 months |
| Claims limitation | 3 years |
| Maximum compensation | 10× claim |
| Claim disposal target | 3 months |
| Record preservation under 2026 Rules | 5 calendar years |
| Bonus eligibility ceiling — current notified figure | ₹21,000/month |
| Bonus calculation benchmark for eligible employee above ₹7,000 | ₹7,000 or applicable Central minimum wage, whichever higher |

## » Comparison with Previous Acts

| Provision | Previous Provisions | Code on Wages, 2019 |
|---|---|---|
| Applicability of Minimum Wages | Minimum Wages Act applied to scheduled employments. | Scheduled employment abolished; minimum-wage protection extended to all employees. |

| | | |
|---|---|---|
| Bonus Rate | Minimum 8⅓%; maximum 20%. | Minimum 8⅓%; maximum 20%. |
| Mode of Bonus Payment | Payment provisions governed by the Payment of Bonus Act. | Bonus to be paid through banking/electronic mode as prescribed. |
| Disqualification for Bonus | Fraud, riotous/disorderly behaviour, theft, misappropriation, etc. | Similar grounds, with sexual-harassment conviction also covered. |
| Gender Discrimination | Equal Remuneration Act prohibited gender discrimination in wages for same/similar work. | Prohibits gender discrimination in wages and recruitment for same/similar work. |

## 6.2. Industrial relations code, 2020

The Industrial Relations Code, 2020, administered by the Ministry of Labour & Employment, consolidates and amends laws relating to trade unions, industrial disputes, retrenchment and standing orders; it contains 104 Sections in 14 Chapters and 3 Schedules and came into force on 21 November 2025.

**Three acts subsumed:** The Industrial Relations Code, 2020 consolidates:

1. Trade Unions Act, 1926
2. Industrial Employment (Standing Orders) Act, 1946
3. Industrial Disputes Act, 1947 The Code therefore brings together Trade Unions + Standing Orders + Industrial Disputes under one framework.

❑ **Important definition — "Worker":**

The definition of worker includes, among others:

- » Persons employed in supervisory capacity up to ₹18,000 per month, or such higher amount as may subsequently be notified.
- » Working journalists
- » Sales promotion employees The ₹18,000 supervisory ceiling is therefore an important APFC figure.

| | | |
|---|---|---|
| Industrial Tribunal | Generally single-member adjudication. | Two-member Tribunal: one Judicial Member and one Administrative Member; Judicial Member presides. |
| Retrenchment Notice | Generally 1 month; 3 months + prior permission for establishments under special provisions. | Generally 1 month; special provisions require prior Government permission. |
| Re-employment of Retrenched Workers | No specific period. | Re-employment preference may be given within 1 year, as prescribed. |
| Prior Permission — Lay-off, Retrenchment & Closure | Generally applicable to establishments with 100+ workers under special provisions. | Threshold increased to 300+ workers. |
| Worker Re-Skilling Fund | No such provision. | Introduced; employer contribution generally equals 15 days' last-drawn wages per retrenched worker, credited to the worker within 45 days. |

## 6.3. Code on social security, 2020

The Code on Social Security, 2020, administered by the Ministry of Labour & Employment, consolidates and amends laws relating to social security and related benefits; it contains 164 Sections in 14 Chapters and 7 Schedules and came into force on 21 November 2025.

❑ **Nine acts subsumed:**

The Code replaces/consolidates the following 9 Central Acts:

- » Employees' Compensation Act (1923)
- » Employees' State Insurance Act (1948)
- » Employees' Provident Funds and Miscellaneous Provisions Act (1952)
- » Employment Exchanges (Compulsory Notification of Vacancies) Act (1959)
- » Maternity Benefit Act (1961)
- » Payment of Gratuity Act (1972)
- » Cine-workers Welfare Fund Act (1981)
- » Building and Other Construction Workers' Welfare Cess Act (1996)

| | |
|---|---|
| ESI | 10+ persons in covered establishments, subject to statutory exceptions |
| Gratuity | 10+ employees establishments covered by the applicable provision |
| Maternity Benefit | 10+ employees establishments covered by the applicable provision |
| Maternity crèche | 50+ employees |
| ESI wage ceiling | ₹21,000/month |
| ESI ceiling for persons with disability | ₹25,000/month |
| Normal gratuity qualifying service | 5 years |
| FTE gratuity | 1 year |
| Working journalist gratuity | 3 years |
| Gratuity rate | 15 days' wages/year |
| BOCW cess | 1–2% |
| Aggregator contribution | 1–2% turnover |
| Aggregator maximum | 5% of amount paid/payable to gig/platform workers |

### » Code on Social Security, 2020 — Comparison with Previous Acts

| Provision | Earlier Framework | Code on Social Security, 2020 |
|---|---|---|
| Consolidation | 9 separate Central Acts dealing with different aspects of social security. | Single consolidated Code subsuming 9 Acts. |
| Registration of Establishment | Registration under respective laws. | Electronic registration; existing registered establishments generally need not obtain fresh registration, subject to updating particulars. |
| Employee Coverage | Contract-labour coverage depended on the applicable legislation. | Employee includes persons employed through a contractor in connection with the establishment. |
| Inter-State Migrant Workers | Self-employed workers not covered. | Includes self-employed migrant workers from another State, subject to the Code's definition. |
| Gig & Platform Workers | No specific statutory recognition. | Statutorily recognised and eligible for social-security schemes. |

| | | |
|---|---|---|
| Gig/Platform Worker Schemes | No comprehensive statutory framework. | Section 114 enables schemes covering life/disability, accident insurance, health/maternity, old age, crèche and other benefits. |
| Aggregator Contribution | No such statutory contribution. | 1–2% of annual turnover, subject to a maximum of 5% of the amount paid/payable to gig/platform workers. |
| Registration of Workers | No unified registration mechanism. | Section 113: registration of unorganised, gig and platform workers. |
| Career Centres | Separate employment-exchange framework. | Section 139: reporting of vacancies to Career Centres; reporting does not compel recruitment through the Career Centre. |
| Aadhaar | No corresponding provision in the consolidated framework. | Section 142 — Application of Aadhaar for specified purposes. |
| Social Security Fund | No consolidated fund for these categories. | Section 141 — Social Security Fund for social security/welfare of unorganised, gig and platform workers. |
| Appeal to Tribunal | Employer appeal generally required 75% deposit of amount due under the relevant framework. | Employer appeal generally requires 25% deposit of amount due with the concerned Social Security Organisation. |
| Excessive Sickness Benefit | No specific provision. | ESIC may recover additional sickness-benefit expenditure caused by insanitary conditions or neglect of owner/occupier. |
| Inspector-cum-Facilitator | Traditional inspection framework. | Inspector-cum-Facilitator combines inspection and facilitation functions. |

## 6.4. Occupational safety, health and working conditions code, 2020

The Occupational Safety, Health and Working Conditions Code, 2020, administered by the Ministry of Labour & Employment, consolidates laws relating to occupational safety, health and working conditions; it contains 143 Sections in 14 Chapters and 3 Schedules and came into force on 21 November 2025.

❑ **Thirteen acts subsumed under the OSHWC code**

| | **Central Labour Act** |
|---|---|
| **1** | Factories Act, 1948 |
| **2** | Mines Act, 1952 |

| | |
|---|---|
| **3** | Plantations Labour Act, 1951 |
| **4** | Motor Transport Workers Act, 1961 |
| **5** | Beedi and Cigar Workers (Conditions of Employment) Act, 1966 |
| **6** | Contract Labour (Regulation and Abolition) Act, 1970 |
| **7** | Sales Promotion Employees (Conditions of Service) Act, 1976 |
| **8** | Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 |
| **9** | Cine-Workers and Cinema Theatre Workers Act, 1981 |
| **10** | Dock Workers (Safety, Health and Welfare) Act, 1986 |
| **11** | Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 |
| **12** | Working Journalists and Other Newspaper Employees (Conditions of Service and Miscellaneous Provisions) Act, 1955 |
| **13** | Working Journalists (Fixation of Rates of Wages) Act, 1958 |

- **Applicability:**
  - The OSHWC Code, 2020 provides a broad framework for establishments employing 10 or more workers, with special coverage for establishments such as mines and docks.
  - However, the factory-definition threshold is distinct from the overall safety coverage threshold, and the higher 20/40 factory threshold does not remove health, safety and welfare protections applicable to workers in establishments with 10 or more workers.
- **Factory definition:**
  - Under the Factories Act, 1948, the threshold was 10 or more workers with power and 20 or more without power.
  - Under the OSHWC Code, 2020, it is 20 or more workers with power or 40 or more without power.
  - However, health, safety and welfare protections continue to apply to establishments with 10 or more workers, as applicable.
- **Registration of establishments:**
  - The OSHWC Code, 2020 provides a common registration framework for covered establishments, aiming at one registration instead of multiple registrations under earlier Central labour laws.
  - The OSHWC (Central) Rules, 2026 prescribe the registration procedure and forms, including Form I, and no generic 7-day registration requirement should be stated.
- **Employer's general duties:**
  - The employer must provide a safe, healthy, hygienic and suitable workplace.

## 6.5. Previous labour laws — key provisions & comparison

### A. INDUSTRIAL RELATIONS — PREVIOUS LAWS

**1. Trade Unions Act, 1926**

- **Purpose:** Provided for registration, legal status and privileges, specified immunities, and regulation of Trade Unions.
- **Trade Union — Definition:** A temporary or permanent combination formed primarily to regulate relations between workmen–employers, workmen–workmen or employers–employers; included a federation of 2 or more Trade Unions.
- **Registration:** Registration was not compulsory; 7 or more members could apply; for a workmen's union, at least 10% or 100 workmen, whichever is less, subject to minimum 7.
- **Continuing Membership:** At least 10% or 100 workmen, whichever is less, subject to minimum 7.
- **Section 13 — Incorporation:** Registered Trade Union became a body corporate with perpetual succession, common seal, power to acquire/hold property, contract, sue and be sued.
- **Section 17:** Immunity from criminal conspiracy in specified circumstances.
- **Section 18:** Immunity from civil suits in specified cases.
- **Section 22 — Office-Bearers:** Ordinarily, at least 50% of office-bearers had to be persons actually engaged/employed in the concerned industry, subject to statutory exceptions.
- **Change of Name — Section 23:** Consent of at least 2/3 of total members.
- **Amalgamation — Section 24:** At least 50% of members entitled to vote in each union had to record their votes and at least 60% of votes recorded had to favour amalgamation.

**2. Industrial Disputes Act, 1947**

- **Purpose:** Provided machinery for prevention/settlement of industrial disputes, conciliation, voluntary arbitration, adjudication, strikes/lock-outs, lay-off, retrenchment and closure.
- **Industrial Dispute:** Dispute/difference between employers–employers, employers–workmen or workmen–workmen, connected with employment/non-employment or terms and conditions of labour.

## 7.2. Pension Schemes

### 1. National Pension System

- **Introduction:** The National Pension System (NPS) was introduced for Central Government employees from 1 January 2004 and was subsequently expanded to other categories.
- **Regulation:** NPS is regulated by the Pension Fund Regulatory and Development Authority (PFRDA).
- **Nature:** It is a defined-contribution retirement system in which contributions are invested through regulated pension funds and accumulated for retirement.
- **Entry Age:** The current entry age under the All Citizen Model is 18 to 85 years.
- **Scope:** NPS covers different categories under applicable rules, including government employees, corporate and private-sector subscribers and subscribers under the All Citizen Model.

### 2. Atal Pension Yojana

- **Launch:** The Atal Pension Yojana (APY) was launched on 9 May 2015.
- **Administration:** It is regulated and administered within the PFRDA framework and aims to provide old-age income security, particularly to workers in the unorganised sector and economically vulnerable sections.
- **Nature:** APY is voluntary and contributory.
- **Eligibility:** An eligible subscriber must generally be an Indian citizen aged 18–40 years and have a savings bank account or eligible post-office savings account.
- **Tax Exclusions:** From 1 October 2022, a person who is or has been an income-tax payer is not eligible to open a new APY account.
- **Commencement:** The pension commences at the age of 60 years.
- **Pension Slabs:** The subscriber can select a guaranteed minimum monthly pension of ₹1,000, ₹2,000, ₹3,000, ₹4,000 or ₹5,000.
- **Contributions:** The contribution depends upon the subscriber's entry age and the pension amount selected.
- **Frequency:** Contributions may be made monthly, quarterly or half-yearly and generally continue until the age of 60 years.
- **Guarantee Mechanism:** If the returns are insufficient to provide the guaranteed pension, the guarantee mechanism operates according to the scheme provisions.
- **Spouse Benefit:** After the death of the subscriber, the spouse is entitled to receive the same pension subject to the scheme provisions.

### 4. Pradhan Mantri Jeevan Jyoti Bima Yojana

- **Launch & Ministry:** Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) was launched on 9 May 2015 by the Ministry of Finance, Department of Financial Services.
- **Nature:** It is a life-insurance scheme.
- **Eligibility:** Eligible persons are generally 18–50 years old and must have an eligible bank or post-office account with the required consent for auto-debit.
- **Premium:** The current annual premium is ₹436.
- **Cover Amount:** The insurance cover is ₹2 lakh in the event of death of the insured, subject to scheme conditions.
- **Waiting Period:** For new enrolments, non-accidental death is subject to the prescribed initial lien/waiting-period conditions.
- **Collection Mode:** The premium is collected through auto-debit.
- **Historical Rate:** The earlier annual premium was ₹330; the current premium is ₹436.

### 5. PMSBY and PMJJBY Comparison

| Feature | PMSBY | PMJJBY |
|---|---|---|
| Nature | Accident insurance | Life insurance |
| Launch | 2015 | 2015 |
| Age | 18–70 years | 18–50 years |
| Current premium | ₹20/year | ₹436/year |
| Main cover | Accidental death/disability | Death |
| Maximum cover | ₹2 lakh / ₹1 lakh | ₹2 lakh |
| Renewal | Annual | Annual |
| Payment | Auto-debit | Auto-debit |

## 7.4. Social Assistance Schemes

### 1. Pradhan Mantri Jan-Dhan Yojana

- **Launch & Ministry:** Pradhan Mantri Jan-Dhan Yojana (PMJDY) was announced on 15 August 2014 and formally launched on 28 August 2014 under the Ministry of Finance, Department of Financial Services.
- **Nature:** PMJDY is a national mission for financial inclusion.
- **Objectives:** Its objectives include universal access to banking, basic bank accounts, financial inclusion, financial literacy, access to insurance, pension and credit, and provision of an effective platform for Direct Benefit Transfer.

- **Social Security Fund:** A Social Security Fund is provided for financing schemes for unorganised, gig and platform workers according to the statutory framework.
- **Board Provision:** The Code also provides for a National Social Security Board in relation to the welfare of these categories of workers.
- **Operational Date:** The Code became operational on 21 November 2025, making gig and platform workers an important category within the current statutory social-security framework.

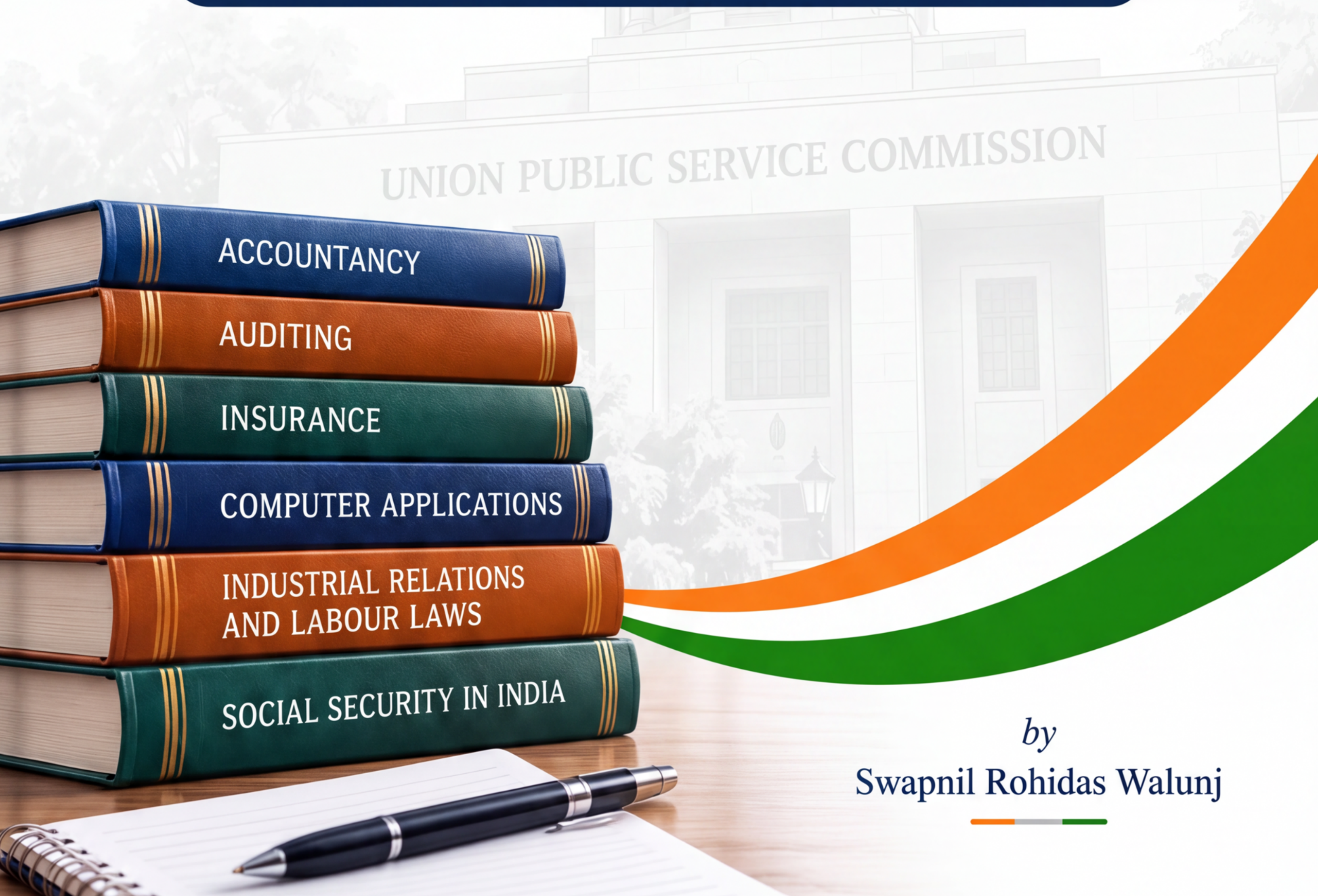
## ❖ Important government schemes — master comparison

| Scheme | Target | Eligibility | Benefit |
|---|---|---|---|
| **Atal Pension Yojana (APY) – 2015** | Mainly unorganised-sector and low-income workers | 18–40 years; income-tax payers ineligible to join from 1 Oct 2022; contribution depends on entry age and selected pension slab | ₹1,000–₹5,000 assured monthly pension after 60; Government co-contribution was available only to eligible early subscribers under the initial limited-period provision; spouse receives pension after subscriber's death, subject to scheme rules |
| **PM-SYM – 2019** | Unorganised workers | 18–40 years; monthly income below ₹15,000; not covered by EPFO/ESIC/NPS (Government-funded); ₹55–₹200/month according to entry age + equal Central Government contribution | ₹3,000 assured monthly pension after 60; spouse receives 50% of pension on subscriber's death; voluntary and contributory scheme |
| **PM-KMY – 2019** | Small and marginal farmers | 18–40 years, subject to eligibility/exclusion conditions; ₹55–₹200/month according to entry age + equal Government contribution | ₹3,000 assured monthly pension after 60; voluntary and contributory pension scheme for eligible small and marginal farmers |
| **PMSBY – 2015** | Eligible savings/post | 18–70 years; ₹20/year | ₹2 lakh for accidental death/permanent total |

# TOPIC & SUBTOPIC-WISE

# PYQ ANALYSIS

## EPFO EO/AO & APFC
## 2012 – 2025




*by*

Swapnil Rohidas Walunj

# 1. ACCOUNTANCY

| | Main Topic | Q's |
|---|---|---|
| 1 | Accounting Concepts, Principles & Assumptions | 10 |
| 2 | Capital & Revenue Accounting | 7 |
| 3 | Special Accounting Areas | 6 |
| 4 | Journal, Ledger & Classification of Accounts | 5 |
| 5 | Inventory Accounting | 5 |
| 6 | Not-for-Profit Accounting | 5 |
| 7 | Accounting Errors | 4 |
| 8 | Provisions & Reserves | 4 |
| 9 | Trial Balance | 3 |
| 10 | Profit Calculation | 3 |
| | Total | 52 |

## *a) Accounting Concepts, Principles & Assumptions — 10 Q's*

**Q1. APFC 2025 — Fundamental Accounting Assumptions**

**Which one of the following is not a fundamental accounting assumption in the preparation of financial statements?**

(1) Matching concept

(2) Going concern

(3) Accrual

(4) Consistency

Ans: (1) Matching concept

**Explanation:** Under AS 1, the three fundamental accounting assumptions are Going Concern, Consistency and Accrual. Matching is an important accounting concept, but it is not one of the three fundamental assumptions.

**Q2. EPFO APFC 2023 — Fundamental Accounting Assumptions**

**According to Accounting Standard-1, which of the following are the fundamental accounting assumptions?**

(1) Going Concern, Consistency, Accrual

(2) Going Concern, Money Measurement, Conservatism

(3) Going Concern, Consistency, Conservatism

(4) Going Concern, Accounting Period, Accrual

Ans: (1) Going Concern, Consistency, Accrual

**Explanation:** AS 1 recognises three fundamental accounting assumptions: 1. Going Concern 2. Consistency 3. Accrual

**Q3. APFC 2025 — Convention of Conservatism**

**The principle of inventory valuation — "cost or net realisable value, whichever is lower" — is based on:**

(1) Accrual Concept

(2) Matching Concept

(3) Money Measurement Concept

(4) Convention of Conservatism

Ans: (4) Convention of Conservatism

**Explanation:** The lower-of-cost-and-NRV rule reflects prudence/conservatism. Expected losses are recognised, whereas unrealised profits are not recognised prematurely.

**Q4. EPFO APFC 2023 — Convention of Conservatism**

**The value of long-term investment in shares is subject to wide fluctuations. A provision created against fluctuation in value of investments is based on the convention of:**

(1) Conservatism

(2) Full disclosure

(3) Materiality

(4) Consistency

Ans: (1) Conservatism

**Explanation:** Conservatism or prudence requires anticipated losses to be recognised, while gains should not be anticipated without sufficient basis.

# 4. COMPUTER APPLICATIONS.

| No. | Main Topic | Q's |
|---|---|---|
| 1 | Computer Fundamentals, Hardware & Memory | 11 |
| 2 | Internet, Web, E-mail & Cyber Security | 9 |
| 3 | Computer Networks & Communication | 8 |
| 4 | Programming Languages, Software & Operating Systems | 7 |
| 5 | Computer Arithmetic & Number Systems | 3 |
| 6 | Computer Organization & CPU | 4 |
| 7 | Application Software & Data Processing | 4 |
| 8 | Emerging Technology, AI, Cloud & Digital Technology | 5 |
| 9 | Multimedia & Digital File Formats | 1 |
| 10 | Logic, Computer Operations & Digital Electronics | 2 |
| 11 | Computer Applications & Design Technology | 1 |
| 12 | Hardware / System Utilities | 1 |
| | Total | 56 |

## *a) Computer Fundamentals, Hardware & Memory*

Q1. **Which one among the following could be a permanent memory of a computer? (EPFO EO/AO & APFC 2025)**

(1) Hard Disk

(2) CPU

(3) RAM

(4) Motherboard

Ans: (1) Hard Disk

**Explanation:** A hard disk is a non-volatile storage device, meaning that data remains stored even when the power is switched off.

- CPU → processing unit
- RAM → volatile primary memory

- Motherboard → main circuit board Key Point: HDD and SSD are examples of non-volatile secondary storage.

Q2. **Which of the following statements with regard to solid state drive (SSD) are correct? (EPFO EO/AO & APFC 2025)**

1. Spinning speed of SSD is zero.

2. SSD consumes more energy compared to hard disk drive (HDD).

3. SSD could be used as virtual memory when RAM is insufficient.

4. SSD can replace the processor.

**Select the answer using the codes given below:**

(1) 1 only

(2) 1 and 3

(3) 3 and 4

(4) 2 and 4

Ans: (2) 1 and 3

**Explanation:** 1. Correct — SSDs do not contain spinning magnetic platters. 2. Incorrect — SSDs generally consume less power than HDDs. 3. Correct — an SSD can be used for paging/swap space when RAM is insufficient, although it is much slower than RAM. 4. Incorrect — SSD is a storage device and cannot replace the CPU.

Q3. **Which one of the following memories is extremely fast and acts as a high-speed buffer between the CPU and the main memory? (EPFO EO/AO 2020)**

(1) RAM

(2) ROM

(3) Flash Memory

(4) Cache Memory

Ans: (4) Cache Memory

**Explanation:** Cache memory is a small, high-speed memory that stores frequently used data and instructions so that the CPU can access them faster than from main memory. Memory hierarchy: Registers → Cache → RAM → Secondary Storage.

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Swapnil Rohidas Walunj has appeared for the UPSC Interview and multiple State Public Service Commission Interviews. With an in-depth understanding of the UPSC EPFO/APFC syllabus, examination pattern and Previous Year Questions, he has developed this book with a focus on concise, relevant and examination-oriented preparation.