

## UGC NET - COMMERCE

### MOCK TEST PAPER

- **PAPER - I** *This paper contains 50 objective type questions. Each question carries 2 marks.  
**Attempt all the questions.***
- **PAPER - II** *This paper contains 50 objective type questions. Each question carries 2 marks.  
**Attempt all the questions.***
- **PAPER - III** *This paper contains 75 objective type questions. Each question carries 2 marks.  
**Attempt all the questions.**  
(According to the NEW PATTERN)*
- *Pattern of questions : MCQs*
- *Total marks (PAPER I & II) : 350*
- *Duration of test : Paper I & II - 2.5 Hours  
: Paper III - 2.5 Hours*

# VPM CLASSES

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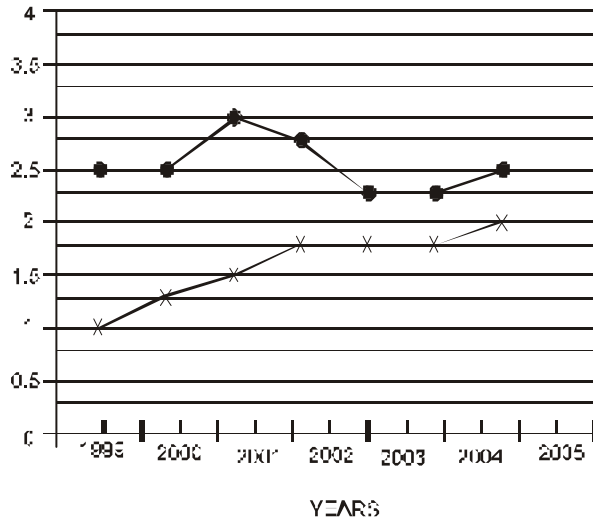
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## PAPER – I

1. A manager must discover various ..... analyze the reasons for their occurrence and take preventive steps.  
(A) Cause to communication  
(B) Barrier to communication  
(C) Both (a) and (b)  
(D) None
2. "It is communication of feelings, emotions, attitudes, and thoughts through body movements / gestures / eye contact, etc." which type of communication is this?  
(A) Oral communication  
(B) Written communication  
(C) Non verbal communication  
(D) None
3. Which of the following is a part of the English language which helps us to understand sounds of various alphabets?  
(A) Phonetics  
(B) Homophones  
(C) Both (a) and (b)  
(D) None

Questions 4-8 Study the following graph carefully to answer the given questions.

PRODUCTION OF TWO COMPANIES A AND B (IN CRORE UNITS) OVER THE GIVEN YEARS



4. For Company A, how much is the percent increase in production in 2000 from 1999?
  - (A) 0.25
  - (B) 2.5
  - (C) 25
  - (D) 12.5
  
5. How many units is the total production of Company A for the given years?
  - (A) 9crores
  - (B) 17.75 crores
  - (C) 12.25 crores
  - (D) 11 crores
  
6. What is the difference in units produced by the two companies in 1999?
  - (A) 1,50,000,000
  - (B) 15,00,00,000
  - (C) 15,00,000
  - (D) 15,000
  
7. How many units is the approximate average production of Company B for the given years?
  - (A) 3crores

- (B) 2.55 crores  
(C) 2.75 crores  
(D) 2.25 crores
8. In w hich year did both the companies have no change in production from the previous year?  
(A) 2000  
(B) 2002  
(C) 2003  
(D) 2004
9. If sampled in reconnaissance mode, data limitation requires use of  
(A) Maximum  
(B) Mnimum  
(C) Both (a) and (b)  
(D) None
10. If estimating average concentrations is planned  
(A) Exposure units must be defined  
(B) Sufficient samples are required  
(C) Both (a) and (b)  
(D) None
11. Which Can be used to evaluate if constituents in subsurface are correlated and have the same or different sources?  
(A) Scatter plots  
(B) Ratio plots  
(C) Multivariate plots  
(D) None
12. Which of the following Can be used to evaluate if ratios of constituents in subsurface are similar or different from those in indoor/outdoor air?  
(A) Scatter plots  
(B) Ratio plots

- (C) Multivariate plots  
(D) None
13. Which of the following collection techniques were used as the primary research methods for this study?  
(A) Qualitative  
(B) Quantitative  
(C) Both (a) and (b)  
(D) None
14. In order to organize, classify and analyze the gathered information, used  
(A) Graphs  
(B) Statistics  
(C) Both (a) and (b)  
(D) None

**Direction (15-19)** The strength of Indian Democracy lies in its tradition, in the fusion of the ideas of democracy and national independence which was the characteristic of the Indian Nationalist Movement long before independence. Although the British retained supreme authority in India until 1947, the provincial elections of 1937 provided real exercise in democratic practice before national independence. During the Pacific war India was not overrun or seriously invaded by the Japanese and after the war was over, the transfer of power to a government of the Indian Congress Party was a peaceful one as far as Britain was concerned. By 1947 'Indianisation' had already gone far in the Indian Civil Service and Army, so that the new government could start with effective instruments of central control. After independence, however, India was faced with two vast problems; the first, that of economic growth from a very low level of production and the second was that of ethnic diversity and the aspirations of sub nationalities. The Congress leadership was more aware of the former problem than of the second. As a new political elite which had rebelled not only against the British Raj but also against India's old social order, they were conscious of the need to initiate economic development and undertake social reforms, but

as nationalists who had led a struggle against the alien rule on behalf of all parts of India, they took the cohesion of the Indian nation too much for granted and underestimated the centrifugal forces of ethnic division, which were bound to be accentuated rather than diminished as the popular masses were more and more drawn into politics. The Congress party was originally opposed to the idea of recognizing any division of India on a linguistic basis and preferred to retain the old provinces of British India which often cut across linguistic boundaries. However, this was later conceded as the basis for a federal 'Indian Union'. The rights granted to the States created new problems for the Central Government. The idea of making Hindi the national language of a united India was thwarted by the recalcitrance of the speakers of other important Indian languages and the autonomy of the States rendered central economic planning extremely difficult. Land reforms remained under the control of the States and many large-scale economic projects required a degree of cooperation between the Central Government and one or more of the States which, it was found, was impossible to achieve. Coordination of policies was difficult even when the Congress party was in power both in the State and at the Centre. When a Congress Government in Delhi was confronted with non-Congress parties in office in the States, it became much harder.

15. Which of the following problems was India faced with after Independence ?
- (A) Military attack from a country across the border.
  - (B) Lack of coordination between the Central and State Governments.
  - (C) Improper coordination of various Government policies
  - (D) Increasing the production from a very low level
16. Which of the following issues was not appropriately realized by the Central Government.
- (A) Ethnic diversity of the people
  - (B) A national language for the country
  - (C) Implementation of the formulated policies
  - (D) Centre -State relations
17. Why was central economic planning found to be difficult?

- (A) Multiplicity of States and Union Territories  
(B) Lack of coordination in different Government departments  
(C) Autonomy given to the States in certain matters  
(D) Lack of will in implementing land reforms
18. Why was the linguistic reorganization of the State accepted?  
(A) The States were not cooperating with the Central Government  
(B) Non- Congress Governments in the States demanded such a reorganization of the States  
(C) No common national language emerged  
(D) Strong pressure from the States was exerted on the Central Government to create such States
19. Which, according to the passage, can be cited as an exercise in democratic practice in India before Independence?  
(A) The handing over of power by the British to India  
(B) The Indianisation of the Indian Civil Service  
(C) A neutral role played by the Army  
(D) None of the above
20. The information to be collected in survey method are related to  
(A) Present Position  
(B) Aims of the research  
(C) The attainment of aim of research  
(D) All of the above
21. Research is done for  
(A) Knowledge of research process  
(B) Solving a business problem  
(C) Interest in research  
(D) Experience
22. A research problem is feasible only when

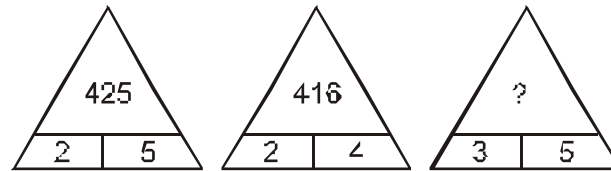
- (A) It is researchable  
(B) It has some utility  
(C) It is new  
(D) All of the above
23. One of the essential characteristics of research is  
(A) Sensitivity  
(B) Generalizability  
(C) Usability  
(D) Replicability
24. Identify the main Principle on which the Parliamentary System operates.  
(A) Responsibility of Executive to Legislature  
(B) Supremacy of Parliament  
(C) Supremacy of Judiciary  
(D) Theory of Separation of power
25. The reservation of seats for women in the Panchayat Raj Institutions is :  
(A) 30% of the total seats  
(B) 33% of the total seats  
(C) 33% of the total population  
(D) None
26. Match list I with list II and select the correct from the code given below :
- | List I (Institutions)   | List II (Locations) |
|---|---------------------|
| 1. Indian Veterinary Research Institute                           | i. Pune             |
| 2. Institute of Armament Technology                               | ii. Izat Nagar      |
| 3. Indian Institute of Science                                    | iii. Delhi          |
| 4. National Institute for Educational Planning and Administrators | vi. Bangalore       |
- (A) 1-ii, 2-i, 3-iv, 4-ii  
(B) 1-ii, 2-iv, 3-ii, 4-iii  
(C) 1-ii, 2-iii, 3-i, 4-iv



- (D) 1-iv, 2-iii, 3-ii, 4-i
27. Who was chairman of the UGC committee 1969 appointed for administrative legislation of the universities?
- (A). Dr. Zakir Hussain  
(B) Dr. P B Gajendragadkar  
(C) Dr. L S Mudaliar  
(D) Dr. Radha Krishnan
28. UGC has launched career oriented program in
- (A) 1964-65  
(B) 1994-95  
(C) 1997-98  
(D) 1980-81
29. The prime minister of India is appointed from \_\_\_\_\_
- (A) The leading Party in Lok Sabha  
(B) The Leading Party in Rajya Sabha  
(C) The leading party in Lok Sabha and Rajya Sabha combined  
(D) None of the above
30. The study of interrelations between Organism and their environment is called\_\_\_\_
- (A) Biosphere  
(B) Ecology  
(C) Synecology  
(D) Autecology
31. The term ICT is now also used to refer to the convergence of
- (A) Audio visual  
(B) Telephone network  
(C) Both (a) and (b)  
(D) None

- 32** Which was the first National Park established in India?  
(A) Anshi National Park  
(B) Gir National Park  
(C) Kanha National Park  
(D) Jim Corbett National Park
- 33** Fossil Fuels include  
(A) Oil  
(B) Natural Gas  
(C) Coal  
(D) All of the above
- 34** Noise in excess of \_\_\_\_\_ is called noise pollution  
(A) 40-65 db  
(B) 60-70 db  
(C) 80-100 db  
(D) None of the above
- 35** Effectiveness of teaching depends on \_\_\_\_\_  
(A) Handwriting of Teacher  
(B) Speaking ability of Teacher  
(C) Qualification of the Teacher  
(D) Subject Understanding of the Teacher
- 36** Verbal Guidance is least effective in the learning of \_\_\_\_\_  
(A) Aptitudes  
(B) Skills  
(C) Attitudes  
(D) Relationship
- 37** The participation of students will be maximum if \_\_\_\_\_ method is used for teaching.  
(A) Text Books

- (B) Discussion Method  
(C) Conference Method  
(D) Lectures
38. The primary responsibility of the teacher's adjustment lies with  
(A) The Students  
(B) The Principal  
(C) The Community  
(D) The Teacher himself
39. The First Kindergarten was started by  
(A) William James  
(B) A D Clinton  
(C) Freidrich Forebel  
(D) J H Hills
40. In following questions, number series is given. One of the numbers in each series is wrong. After searching wrong number find the correct number in its place.  
510, 254, 126, 64, 30, 14, 6  
(A) 252  
(B) 62  
(C) 130  
(D) 9
41. Which reasoning determines whether the truth of a conclusion can be determined for that rule, based solely on the truth of the premises?  
(A) Deductive  
(B) Inductive  
(C) Abductive  
(D) All
42. Insert the missing number or letter from among the given alternatives.



- (A) 140
- (B) 280
- (C) 875
- (D) 925

43. In the following question assuming the given statements to be true, find out which of the two assumptions I and II given below them is/are definitely true give answer as.
- (A) Only assumption I is implicit
  - (B) Only assumption II is implicit
  - (C) Either I or II is implicit
  - (D) Neither I nor II is implicit
  - (E) Both I and II are implicit

**Statement:** The State government has decided to appoint four thousand primary school teachers during the next financial year.

**Assumptions:**

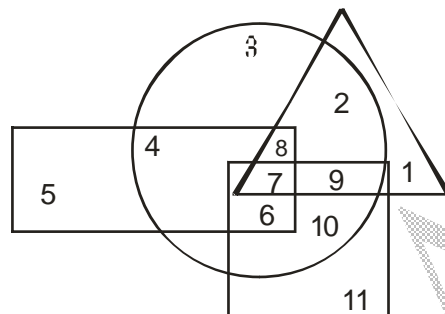
- I. There are enough schools in the state to accommodate four thousand additional primary school teachers.
- II. The eligible candidates may not be interested to apply as the government may not finally appoint such a large number of primary school teachers.

44. What is the latest write-once optical storage media?
- (A) Digital paper
  - (B) Magneto-optical disk
  - (C) WORM disk
  - (D) CD-ROM disk

45. Which of the following identifies a specific web page and its computer on the Web?

- (A) Web site
- (B) Web site address
- (C) URL
- (D) Domain Name

**Direction (46-47)** In the following figure, rectangle, square, circle and triangle represents the regions of wheat gram, maize and rice cultivation respectively. On the basis of the figure, answer the following questions.



46. Which of the area is cultivated for wheat and maize only?
- (A) 8
  - (B) 6
  - (C) 5
  - (D) 4
47. Which of the area is cultivated for maize only?
- (A) 10
  - (B) 2
  - (C) 3
  - (D) 4
48. Pointing to a photograph. Bajpai said, "He is the son of the only daughter of the father of my brother." How Bajpai is related to the man in the photograph?
- (A) Nephew

- (B) Brother  
(C) Father  
(D) Maternal Uncle
49. Light Year is a unit of:  
(A) Intensity of light  
(B) Distance  
(C) Time  
(D) Planetary motion
50. Tsunamis are huge sea waves caused by :  
(A) Earthquakes  
(B) Volcanoes  
(C) Winds  
(D) Icebergs

**PAPER – II**

1. Economists group commercial banks, savings and loan associations, credit unions, mutual funds, mutual savings banks, insurance companies, pension funds, and finance companies together under the heading financial intermediaries. Financial intermediaries  
(A) Act as middlemen, borrowing funds from those who have saved and lending these funds to others.  
(B) Produce nothing of value and are therefore a drain on society's resources  
(C) Help promote a more efficient and dynamic economy.  
(D) Only (A) and (C) of the above.
2. A bank suffers loss due to adverse market movement of a security. The security was however held beyond the defeasance period. What is the type of the risk that the bank has suffered?  
(A) Market Risk

- (B) Operational Risk  
(C) Market Liquidation Risk  
(D) Credit Risk
3. An attribute that doesn't contribute to Porters Diamond model is  
(A) Government  
(B) Organized Trade union  
(C) Factor Conditions  
(D) Demand Conditions
4. ----- states that, lack of resources often helps countries to become competitive  
(A) Competitive theory  
(B) Porters Diamond Model  
(C) Theory of Mercantilism  
(D) Product life cycle theory
5. Theory of Mercantilism propagates  
(A) Encourage exports and imports  
(B) Encourage exports and discourage imports  
(C) Discourage exports and imports  
(D) Discourage exports and encourage imports
6. The country that attract the largest FDI inflow is  
(A) India  
(B) China  
(C) USA  
(D) Brazil
7. In 90's the global management perception was based on  
(A) Standardization v/s adaptation  
(B) Globalization v/s localization  
(C) Global integration v/s Local Responsiveness  
(D) Local responsiveness
8. Which of the following refers to a special telephone line that enables employees to bypass the proper channels for reporting their ethical dilemmas and problems?

- (A) Ethics training  
(B) Ethics Audit  
(C) Ethics Hotline  
(D) Ethics development
9. Which of the following is an advantage of turnkey project?  
(A) Can earn a return on knowledge asset  
(B) Not create a competitor  
(C) Tight control of operations  
(D) All the above
10. Globalization of industries is occurring for all of these reasons except.  
(A) World wide trend towards similar consumption pattern.  
(B) An emergence of global buyers & sellers.  
(C) A world wide trend towards different consumption patterns.  
(D) E - commerce and the instant transmission of money and information across continents.
11. The point rating method is a quantitative technique & job evaluation. What are the advantages of this method?  
i. The system is accurate & dependable  
ii. It is a simple technique.  
iii. It is a quick & inexpensive method.  
iv. Wage differentials are likely to be systematic.  
And in accordance with the content of each job.  
(A) Only i & ii  
(B) Only i & iii  
(C) Only ii & iii  
(D) Only i & iv
12. Consider the following cash flow series of a project.  
Which of the following is/are true?  
(i) The maximum number of IRRs for the above series is limited to two.  
(ii) The firm has withdrawn Rs. 1400 from the project at the end of year.  
(iii) The above project can have only one IRR.



- (A) Only (i) above
- (B) Only (ii) above
- (C) Only (iii) above
- (D) Both (i) & (ii)
13. A non simple mixed project.
- (A) Has a sequence of cash outflows followed by a sequence of cash inflows
- (B) Has an unrecovered balance of zero through the life of the project.
- (C) Always has a negative uncovered investment balance.
- (D) Has the rate at which uncovered investment balances are zero, lesser than  $i_{\min}$  (the smallest interest rate satisfying the non - positivity condition).
14. Credits transferable by original beneficiary in favor of secondary beneficiary are known as
- (A) Deferred credits
- (B) Transit credits
- (C) Installment credits
- (D) Transferable credits
15. When the exporter, expects the importer, to make the payment immediately upon the draft being presented to him is called.
- (A) Sight Draft.
- (B) Usance Draft
- (C) Demand draft
- (D) Pay Note
16. The price elasticity of demand for a product is infinity if the firm increases price of the product by 10% total revenue of the firm will
- (A) Not change

- (B) Increase to infinity
- (C) Fall to zero
- (D) Decrease by more than 10%

17. Law of diminishing return is not relevant when.

- (A) All labors are equally efficient.
- (B) The time period is short.
- (C) All factors of input are increased by the same proportion.
- (D) Capital is held constant.

18. \_\_\_\_\_ Provides a way for individual investors to support socially responsible companies

- (A) NASDAQ
- (B) Going green
- (C) A band
- (D) A socially responsible mutual stock bond

19. In relation to the PESTEL framework which of the following statements is correct

(Select one answer only)

- (A) It assists in the assessment of organizational strengths and weaknesses.
- (B) It allows a detailed analysis of the structure of an industry.
- (C) It can be used as a checklist to understand the different environmental influences in the macro environment
- (D) Takes an historical perspective on the main political, economic, sociocultural, technological, environmental and legal factors.

20. The following factors are key drivers of globalization:

- (A) Government action, exchange rates, competition and sociodemographic factors.
- (B) Market convergence, competition, exchange rates and cost advantages.
- (C) Cost advantages, government action, economic cycles and competition.
- (D) Market, cost, competition and government policies.

21. Machine lubricant used on processing equipment in a manufacturing plant would be classified as a:
- (A) Period cost/manufacturing overhead.
  - (B) Period cost/SG&A
  - (C) Product cost/manufacturing overhead
  - (D) Product cost/SG&A.
22. Factory overhead includes all manufacturing costs except direct material and direct labor. Which of the following items would not be considered to be a factory overhead cost?
- (A) Repainting the corporate office building.
  - (B) Indirect labor
  - (C) Repair and maintenance expenditures on factory machinery.
  - (D) Small expenditures pertaining to items like rags, screws, adhesives, etc., used in the production process.
23. \_\_\_\_\_ is not an operative function of human resource management.
- (A) Employee Relations
  - (B) Compensation of employees
  - (C) Organizing
  - (D) Employment
24. The net factor income earned within the domestic territory of a country must be equal to.
- (A) Net Domestic product at factor cost
  - (B) Net domestic product at market price.
  - (C) Net National product at factor cost.
  - (D) Net National product at market price.
25. Both dividend & corporate taxes are part of.
- (A) Corporate profit
  - (B) National Income
  - (C) Personal Income
  - (D) Personal Disposable income
26. Which of the following is an argument against the involvement of businesses in social welfare activities?
- (A) Balance of responsibility and power.
  - (B) Excessive costs.

- (C) Favorable public image  
(D) Protecting shareholders interests.
27. When the addition to capital goods in an economy is more than the capital consumption allowance, the economy experiences.  
(A) Negative net investment  
(B) Zero net investment  
(C) Positive net investment.  
(D) Negative gross investment
28. Which of the following is an example of a government transfer payment ?  
(A) Salary paid to a soldier.  
(B) Purchase of a new car for the Ministry of finance.  
(C) Funding of a clinic to provide free vaccinations.  
(D) Free food coupons issued to persons in an antipoverty program.
29. The most significant decisions made in today's complex environment are taken under conditions of \_\_\_\_\_.  
(A) Risk  
(B) Uncertainty  
(C) Certainty  
(D) Stability
30. Motivation is a \_\_\_\_\_ state.  
(A) Sociological  
(B) Psychological  
(C) Physiological  
(D) Biological
31. Which of the following price indices is/ are most widely used for determining of inflation in India?  
(A) WPI (Wholesale price index).  
(B) CDP deflator.  
(C) Consumer price index (IPI).  
(D) Both (A) & (B)

32. "Leadership has a crucial influence on organizational dynamics". In this connection, who state that "Failing organizations are usually over - managed and underled"?
- (A) Warren G. Bennis  
(B) Blake and Mouton  
(C) Ivan Pavlov  
(D) Fred Luthans
33. In the two - way communication process, the communication is complete only when.
- (A) The message is decoded and understood by receiver.  
(B) The receiver sends back some form of response to sender.  
(C) The receiver receives the message.  
(D) Either (A) OR (B)
34. Nonverbal communication involves the use of.
- (A) Gestures  
(B) Facial Expression  
(C) Body language  
(D) All of the above
35. If two projects are mutually exclusive and differ substantially in terms of the initial outlay and subsequent expenses which of the following criteria of evaluation is best suited?
- (A) Pay Back Period  
(B) Annual Capital Charges  
(C) NPV  
(D) IRR
36. According to traditional approach, the average cost of capital:
- (A) Remains constant up to a degree of leverage and rises sharply thereafter with every increase in leverage.  
(B) Rises constantly with increase in leverage.  
(C) Decreases up to a certain point, remains unchanged for moderate increase in leverage and rises

beyond a point.

(D) Decreases at an increasing rate with increase in leverage.

37. Which of the following is not a feature of perfect competition?
- (A) Large no of seller & buyers.
  - (B) Homogenous products
  - (C) A horizontal demand curve.
  - (D) Low Prices
  - (E) None is large enough to influence the market price.
38. ABC Ltd. company is operating in perfectly competitive market. if it doubles its output during the year, then
- (A) Price of the product falls more than proportionally.
  - (B) Price of the product falls less than proportionately.
  - (C) Price of the product remains same.
  - (D) Price of the product fall proportionately.
39. Which of the following is true - regarding the difference between the demand by consumer and the demand by the firms for input?
- i. There is no difference
  - ii The demand by consumers is for productions while that by firms is for consumption.
  - lii The demand by consumers is for consumption while that by firms is for production.
  - iv The firm's demand for inputs is derived directly from the consumer demand for its final product.
- (A) Only (i) above
  - (B) Only (iii) above
  - (C) Only (iv) above
  - (D) Both (iii) & (iv) above.
40. What is Balance of trade?
- (A) The difference between current & capital income.

- (B) Same as the balance of current account.
- (C) Same as the balance of capital account.
- (D) The difference between merchandise export and import.
41. Which of the following is not an achievement of financial management?
- (A) Maximization of wealth of shareholders.
- (B) Maximization of profit.
- (C) Mobilization of funds at an acceptable cost.
- (D) Ensuring discipline in the organization.
42. Which of the following is/are true regarding the measurement of cost, inflow and outflow of a Project?
- (A) Depreciation amount should be added to PBT.
- (B) Depreciation amount should be added to PAT.
- (C) Depreciation should neither be added to nor be subtracted from PAT.
- (D) Both (A) and (B) above.
43. GDP at market price is the sum of consumption, Investment, Government spending and Net Exports. Net Export is
- (A) Gross export minus depreciation
- (B) Export minus import.
- (C) Export minus import of merchandizing.
- (D) Import and depreciation.
44. The HR department as a \_\_\_\_\_ helps in designing and implementing many development activities like training, management development and performance appraisal.
- (A) Specialist
- (B) Facilitator
- (C) Change agent
- (D) Controller

45. In which of the following markets the consumer surplus will be high?
- (A) Monopoly
  - (B) Monopolistic
  - (C) Pure Oligopoly
  - (D) Perfect Competition.
46. Relative worth of each job in an org and forms the basis for designing the compensation management system in the organization.
- (A) Job grading
  - (B) Job evaluation
  - (C) Job Analysis
  - (D) Performance appraisal.
47. The advantage of audience selectivity, no ad competition and personalization apply to which type of media?
- (A) Newspapers
  - (B) Television
  - (C) Direct Mail
  - (D) Radio
48. In which of the following situations does the intensity of an ethical issue increase?
- (A) Everyone agrees that the action is right.
  - (B) Many people will be harmed by the action.
  - (C) When the chances of the act causing harm are negligible.
  - (D) When the action has no serious impact on people
49. Which of the following determines a person's ethical or unethical behaviors?
- (A) Values
  - (B) Procedures
  - (C) Rules
  - (D) Policies
50. Many people oppose the involvement of organizations in social welfare activities. Which of the following is not a reason for their opposition to such activities?



- i) Excessive cost
  - ii) Absence of mechanism to ensure accountability to society.
  - iii) Protecting shareholder's interest.
- (A) Only (i)  
(B) Only (ii)  
(C) Only (iii)  
(D) Only (i) & (ii)

## PAPER - III

1. Economists group commercial banks, savings and loan associations, credit unions, mutual funds, mutual savings banks, insurance companies, pension funds, and finance companies together under the heading financial intermediaries. Financial intermediaries
- (A) Act as middlemen, borrowing funds from those who have saved and lending these funds to others.  
(B) Play an important role in determining the quantity of money in the economy.  
(C) Help promote a more efficient and dynamic economy.  
(D) All of the above.
2. The relationship between aggregate consumption expenditure and aggregate income of household sector is known as \_\_\_\_\_ function.
- (A) Consumption  
(B) Saving  
(C) Expenditure  
(D) Income
3. Banks are important to the study of money and the economy because they

- (A) Provide a channel for linking those who want to save with those who want to invest.
- (B) Have been a source of rapid financial innovation that is expanding the alternatives available to those wanting to invest their money.
- (C) Are the only financial institution to play a role in determining the quantity of money in the economy.
- (D) Only (A) and (B) of the above..
4. Banks, savings and loan associations, mutual savings banks, and credit unions
- (A) Are no longer important players in financial intermediation.
- (B) Have been providing services only to small depositors since deregulation.
- (C) Have been adept at innovating in response to changes in the regulatory environment.
- (D) Only (A) and (C) of the above.
5. Which of the following is not a type of credit risk?
- (A) Default risk
- (B) Credit spread risk
- (C) Intrinsic risk
- (D) Basis risk
6. The term refers to "total knowledge skills, creative abilities, talents and aptitudes of an organization's workforce as well as values, attitudes and beliefs the individuals is valued.
- (A) Human Resources
- (B) Human resource Management
- (C) Human resource planning
- (D) Human relations
7. When interest rates go up, prices of fixed interest bonds –
- (A) Go up

- (B) Go down
- (C) Remain unchanged
- (D) All of the above
8. Financial Risk is defined as
- (A) Uncertainties resulting in adverse variation of profitability or outright losses
- (B) Uncertainties that result in outright losses
- (C) Uncertainties in cash flow
- (D) Variations in net cash flows
9. Foreign multinationals wishing to do business in China can be sure that:
- (A) Their intellectual property rights will be rigorously protected by the Chinese legal system.
- (B) They will never need to offer bribes to highly connected officials.
- (C) Their operations will be heavily penalized if they result in a significant increase in pollution.
- (D) The Chinese market is expanding very rapidly compared with those of the West.
10. Which of the following methods does a firm resort to avoid dividend payments?
- (A) Share Splitting
- (B) Right issue
- (C) Bonus Shares
- (D) Declaring bonus Shares
11. Objective of liquidity management is to:
- (A) Ensure profitability
- (B) Ensure liquidity
- (C) Either of two
- (D) Both
12. Specific cultural dimensions that does not have a significant impact on cross national business interactions is

- (A) Hofstede's five cultural dimensions
- (B) Monochromatic vs polychromatic culture
- (C) Communication
- (D) Geography
13. Professional culture refers to
- (A) Shared belief of top managers about how they should manage about themselves and their employees
- (B) Shared code of ethics and other commonalities shared by members of a give group
- (C) Both (a) and (b)
- (D) None of the above
14. The starting point for preparing the master budget is the.
- (A) Inventory policy
- (B) Sales Budget
- (C) Production budget
- (D) Budgeted balance sheet
15. Identify a factor that doesn't play an important role in attracting FDI
- (A) Laws, rule sand regulations
- (B) Administrative procedures and efficiency
- (C) Cost of resources
- (D) Language
16. B2B sector specific policy of Indian Government is
- (A) FDI up to 100% subject to condition that they invest 26 % in favor of Indian Public within 5 yrs
- (B) FDI up to 100%
- (C) FDI up to 100% subject to condition that they invest 26 % in favor of Indian Public within 10 yrs

(D) FDI up to 49%

17. A simple correlation can define as the tendency of.....

(A) Independent variation

(B) Dependent variation

(C) Simultaneous variation

(D) Instantaneous variation.

18. In hypothesis testing, the hypothesis which is tentatively assumed to be true is called the .....hypothesis.

(A) Correct hypothesis

(B) Null hypothesis

(C) Alternative hypothesis

(D) level of significance

19. The agreement signed by Ranbaxy Laboratory and Bayer AG of Germany in the year 1999 is an example of

(A) Subsidiary

(B) Joint venture

(C) Strategic International Alliance

(D) License agreement

20. The basic objective of export Promotion Council is to promote and develop

(A) Particular products of country

(B) Only attractive projects of the country

(C) Only services industry products of the country.

(D) Overall exports of the country.

21. Which of the following statements about differences between financial and managerial accounting is incorrect?

- (A) Managerial accounting information is prepared primarily for external parties such as stockholders and creditors; financial accounting is directed at internal users.
- (B) Financial accounting is aggregated; managerial accounting is focused on products and departments.
- (C) Managerial accounting pertains to both past and future items; financial accounting focuses primarily on past transactions and events.
- (D) Financial accounting is based on generally accepted accounting practices; managerial accounting faces no similar constraining factors.
22. Which is the best indicator of economic development of a developing country like India?
- (A) National income deflator
- (B) GNP at current prices
- (C) GDP deflator
- (D) Per capita real national income.
23. Which of the following functions is managerial accounting intended to facilitate?
- (A) Planning
- (B) Decision making
- (C) Control
- (D) All of these
24. Cost accounting information can be used for:
- (A) Budget control and evaluation.
- (B) Determining standard costs and variances.
- (C) Pricing and inventory valuation decisions.
- (D) All of these

25. Manufacturing costs are also known as product costs. Which of the following best describes those costs which are considered to be manufacturing costs?
- (A) Direct materials, direct labor, and factory overhead
  - (B) Direct materials and direct labor only.
  - (C) Direct materials, direct labor, factory overhead, and administrative overhead.
  - (D) Direct labor and factory overhead
26. The \_\_\_\_ function in human resource management is concerned with providing a work environment which is conducive to the employees and nurturing them to make them well committed and attached to the organization.
- (A) Lineation
  - (B) Development
  - (C) Motivation
  - (D) Acquisition
27. Which of the following product costs is both a prime cost and conversion cost?
- (A) Manufacturing overhead.
  - (B) Direct material
  - (C) Both (A) & (B)
  - (D) Direct labor.
28. The market value of the firm is result of
- (A) Dividend decision
  - (B) Working capital decision.
  - (C) Capital budgeting decisions
  - (D) Trade of between risk and return.
29. Which of the following relationship is true?
- (A)  $NBCR = BCR + I$
  - (B)  $NBCR = BCR - I$

(C)  $NBCR = NPV + I$

(D)  $NBCR = NPV - I$

30. A company issues one right shares for every 4 shares held at a subscription price of Rs 60 per share. The current market price of the share is Rs. 80. Value of share is
- (A) Rs. 4  
(B) Rs. 5  
(C) Rs. 15  
(D) Rs. 26
31. Which of the following is not an activity in Human Resource management (HRM) process?
- (A) Training  
(B) HR Planning  
(C) Mission formulation  
(D) Compensation
32. \_\_\_\_\_ is the organization function of planning for human resource needs, recruiting and training candidates and evaluating their performance.
- (A) Resource Management  
(B) Human Resource Management  
(C) Manpower management  
(D) Employee management.
33. Which is formally defined as a planned effort to improve the performance of the employee in his area of work?
- (A) Development  
(B) Training  
(C) Staffing  
(D) Appraisal



34. Which of the following involves choosing the candidates who best meet the qualifications and have the greatest aptitude for the job?
- (A) Staffing
  - (B) Recruitment
  - (C) Evaluation
  - (D) Selection
35. Which of the following involves the process of defining expectations for employee performance, measuring, evaluation and recording actual employee performance relative to these predetermined expectations, providing the employee relevant constructive feedback.
- (A) Performance appraisal
  - (B) Work appraisal
  - (C) Job appraisal
  - (D) None of the above
36. On a schedule of cost of goods manufactured:
- (A) Cost of goods manufactured and total manufacturing costs are always the same.
  - (B) Cost of goods manufactured is calculated by adding the beginning work in process inventory to total manufacturing costs and subtracting the ending work in process inventory balance
  - (C) Beginning raw materials inventory plus direct labor plus factory overhead yields total manufacturing costs.
  - (D) All of the above are correct.
37. Which of the following is/are not a sale - promotion tool?
- (A) Coupons
  - (B) News articles

- (C) Contest
- (D) Premiums.
38. The stage in the product life cycle that focuses on expending market and creating product awareness and trial is the
- (A) Decline stage
- (B) Introduction stage
- (C) Growth stage
- (D) Maturity
39. Big multinational pharmaceutical firms try to exercise influence over the policy decisions made by government departments and regulatory agencies. Which of the following does **not** reflect how the companies try to exercise their influence?
- (A) Lobbying political representatives in the legislative branch
- (B) Ignoring their regulatory agencies
- (C) Promising to increase their investment in R&D.
- (D) Threatening to cut off the supply of important drugs.
40. Which of the following factors are the most popular based for segmenting customer groups.
- (A) Geographic
- (B) Demographic
- (C) Psychographics
- (D) Behavioral
41. In Capital Asset Pricing Model Approach, to know the cost of equity we require.
- (A) The expected dividend.
- (B) The current market price of the stock.
- (C) The rate of return on market portfolio.
- (D) The growth rate of the firm.

42. Which of the following statement is/are true?
- (A) For non - simple mixed investment all the appraisal criteria can be applied.
  - (B) NPV is not suitable for the non - simple mixed investment.
  - (C) BCR and NBCR criteria are not suitable to evaluate non - simple mixed investment.
  - (D) IRR is not suitable for simple investment.
43. Which of the following appraisal technique helps in achieving the objective of shareholders wealth maximization?
- (A) IRR
  - (B) Accounting Rate of Return
  - (C) NPV
  - (D) Both (A) and (B) above
44. Coefficient of variation.
- (A) It is an absolute measure of risk.
  - (B) It is a relative measure of risk.
  - (C) It given by mean expected return by standard deviation.
  - (D) Is given by the product of mean expected return standard deviation.
45. Capital recovery factor is.
- (A) The inverse of future value interest factor.
  - (B) The inverse of present value interest factor.
  - (C) The inverse of future value interest factor for annuity.
  - (D) The inverse of present value interest factor for annuity.
46. Credits transferable by original beneficiary in favor of secondary beneficiary are known as:
- (A) Deferred credit
  - (B) Transit credits

- (C) Transferable credits
- (D) Installment credits
47. When the exporter expects the importer, to make the payments immediately upon the draft being presented to him is called.
- (A) Sight Draft
- (B) Usance draft
- (C) Demand draft
- (D) Pay Note
48. The basic objective of export promotion council is to promote and develop the Exports of the.
- (A) Particular products of country
- (B) Only attractive projects of the country.
- (C) Only service's industry products of the country.
- (D) Overall exports of the country.
49. How does international law facilitate international trade and investment?
- (A) It makes it easier to resolve contract disputes for firms involved in international trade and investment.
- (B) It allows business to choose the most favorable national legal system to institute proceedings.
- (C) The terms used in international conventions are open to differing interpretations.
- (D) The Uniform Commercial Code favors big US multinationals
50. Companies go international for a number of different reasons. Which of the following is not a defensive reason for going international?
- (A) To protect domestic market.
- (B) To explore new market.
- (C) To acquire new technology
- (D) To diversity geographically.
51. A firm will break even at
- (A)  $TR = MC$
- (B)  $MR = MC$

(C)  $AR = AC$

(D)  $P = MC$

52. What is personal disposable income?

(A) Wage salary - Personal income tax.

(B) Wage & salary + dividends paid at home - personal income tax.

(C) Wage & Salary + dividend paid at home + Factor income received from abroad Transfer from Govt. personal income tax.

(D) Wage & salary + dividend paid at home + Factor income received from abroad Transfer from Govt. personal income tax.

53. Consider the following cash flow series of a project.

Year	0	1	2
Cash Flow	-1000	1400	-100

Which of the following is/are true?

(i) The maximum number of IRRs for the above series is limited to two.

(ii) The firm has withdrawn Rs. 1400 from the project at the end of year.

(iii) The above project can have only one IRR.

(A) Only (i) above

(B) Only (ii) above

(C) Only (iii) above

(D) Both (i) & (ii)

54. The law relating to E-Commerce fits which of the following descriptions:

(A) The law relating to E-Commerce fits which of the following descriptions

(B) The law lacks clarity.

(C) There is no problem applying contract law to the internet.

(D) The law makes it easy to deal with foreign computer hackers.

55. Of the following, what are the main disadvantage of virtual organizations vis - a - vis conventional organizational?
- (i) Less interaction among employees
  - (ii) Increased communication
  - (iii) Difficulty in promoting commitment towards the organization.
  - (iv) Difficulty in managing and monitoring performance.
- (A) Only (i), (ii) and (iii)  
(B) Only (i), (ii) and (iv)  
(C) Only (ii), (iii) and (iv)  
(D) Only (ii) and (iv)
56. The existence of different currencies is beneficial to private financial institutions because:
- (A) Each country has its own currency.
  - (B) The exchange rate of each currency is fixed by the International Monetary Fund.
  - (C) A collapse in the exchange rate of a currency can cause economic disruption.
  - (D) Profits can be made from arbitrage.
57. The International Monetary Fund is important because:
- (A) It has sufficient financial resources to deal with a major global financial crisis.
  - (B) It has sufficient financial resources to help individual countries facing balance of payments problems
  - (C) Emerging economies can exercise significant influence on it.
  - (D) It fixes exchange rates
58. What functions do financial institutions traditionally perform?
- (A) They immobilize savings.

- (B) They concentrate risk.
- (C) They spread risk.
- (D) They offer only short-term finance.
59. Which of the following reward systems necessitates that teams exceed some base line performance to receive a share of profits generated by the organization?
- (A) Skill - based pay system
- (B) Gain - Sharing system
- (C) Gain - bonus systems
- (D) Team bonus system
60. Which of the following do NOT facilitate globalization?
- (A) Improvements in communications
- (B) Barriers to trade and investment
- (C) Immigration controls
- (D) Removal of controls on movement of capital across borders
61. Private employment agencies do well in dynamic job markets where companies scout aggressively for talent jobs. Which type of employee recruitment needs do private agencies usually cater to?
- (A) Middle level manager
- (B) Top level managers
- (C) Junior Level Managers
- (D) All of the above.
62. The internet facilitates globalization by:
- (A) Making it more difficult to contact potential customers abroad.
- (B) Cutting the cost for firms of communicating across borders.
- (C) Making it harder to send money from one country to another.
- (D) Making it easier for governments to censor the information received by their citizens from abroad.

63. In the \_\_\_\_\_ effect, the most recent performance of the appraiser dominates the appraisal while the past performance is more or less looked.
- (A) Primacy  
(B) Regency  
(C) Central Tendency  
(D) Perpetual Set.
64. Interest free loans provided by companies to their employees are an example of \_\_\_\_\_.
- (A) Benefits  
(B) Incentives  
(C) Bonus  
(D) Performance based rewards.
65. In the first stage of most grievance redressal procedure the grievance is verbally conveyed by the employee to the \_\_\_\_\_.
- (A) HR representative or the arbitrator.  
(B) Supervisor or the arbitrator.  
(C) Supervisor or the designated officer.  
(D) HR representative or the designated officer.
66. The Minimum number of persons required to form a private Ltd. company and a public Ltd company respectively are.
- (A) 2 and 5  
(B) 5 and 7  
(C) 2 and 7  
(D) 7 and 2
67. Which of the following is **not** a policy used to deal with climate change?
- (A) Traffic congestion charges.  
(B) Switching to low carbon technologies.  
(C) Reducing demand for high emissions intensive goods and services.  
(D) Building power stations using fossil fuels.



68. Acc. to Net operating Income Approach.
- (A) The overall capitalization rate of the firm decreases as the degree of leverage increases.
  - (B) The cost of debts increases with increase in degree of leverage.
  - (C) The overall capitalization rate increases as the degree to leverage increase.
  - (D) The market is assumed to capitalize the firm at a discount rate that is independent of the firm's degree of leverage.
69. Which of the following feature (s) of preference shares are similar to those of equity shares?
- (A) Realembability
  - (B) No obligation to pay dividend
  - (C) Voting right
  - (D) Charge over assets
70. A firm can raise capital from the primary market by the issue of securities in which of the following ways?
- (A) Private placement
  - (B) Bought out deal
  - (C) Euro Issue
  - (D) All of the above
71. Which of the following is **not** a business opportunity generated by globalization?
- (A) Access to low cost labor.
  - (B) Cheap International transport.
  - (C) Currency crises.
  - (D) Less stringent regulation of the business environment.
72. \_\_\_\_\_ is the most important source of revenue for states.
- (A) Sales Tax

- (B) Income Tax
- (C) Property Tax
- (D) None of the above.

73. All of the following are examples of excise taxes except

- (A) Cigarette Taxes
- (B) Gasoline Taxes
- (C) Alcohol Taxes
- (D) Property Taxes

74. \_\_\_\_\_ is defined as fairness in spending.

- (A) Equity
- (B) Efficiency
- (C) Effectiveness
- (D) All of the above are concerned with fairness in spending.

75. \_\_\_\_\_ are bonds issued by governments that pledge their "full faith and credit," including tax revenues to repayment.

- (A) Expenditure Bonds
- (B) Revenue Bonds
- (C) General Obligation Bonds
- (D) General Revenue Bonds

## ANSWER KEY PAPER – I

Question	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Answer	B	C	A	C	D	A	B	D	A	C	A	B	A	C	D	A	C	D	B	D
Question	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40
Answer	B	D	C	A	D	A	B	B	A	B	C	D	D	C	D	D	B	D	C	B
Question	41	42	43	44	45	46	47	48	49	50										
Answer	A	D	A	D	D	D	C	D	B	A										

**PAPER –II**

Question	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Answer	D	B	B	D	B	B	C	C	A	C	D	D	D	A	A
Question	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Answer	C	C	D	C	D	C	D	C	A	A	B	C	D	B	B
Question	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45
Answer	A	D	B	D	B	C	D	C	D	D	D	B	B	B	D
Question	46	47	48	49	50										
Answer	B	C	B	A	C										

**PAPER –III**

Que.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Ans.	D	A	D	C	B	A	B	A	D	C	D	D	C	B	D
Que.	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Ans.	A	B	B	C	D	A	D	D	D	A	A	D	D	B	A
Que.	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45
Ans.	C	B	B	D	A	B	B	B	B	B	C	C	D	C	D
Que.	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60
Ans.	A	A	D	A	A	C	C	D	B	B	D	B	C	B	B
Que.	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75
Ans.	D	B	B	B	C	C	D	D	B	D	C	A	D	A	C

**HINTS AND SOLUTIONS**

**PAPER –I**

- (B) An effective and efficient communication system requires managerial proficiency in delivering and receiving messages. A manager must discover various barriers to

communication, analyze the reasons for their occurrence and take preventive steps to avoid those barriers. Thus, the primary responsibility of a manager is to develop and maintain an effective communication system in the organization.

2. (C) non verbal communication is communication of feelings, emotions, attitudes, and thoughts through body movements / gestures / eye contact, etc.
3. (A) Phonetics is a part of the English language which helps us to understand sounds of various alphabets. How an alphabet should sound is taught to us with the help of Phonetics.
- 4.(C) % increase =  $\frac{0.25\text{crore}}{1\text{ crore}} \times 100$   
= 25 %
- 5.(D) for company A  
 $1 + 1.25 + 1.5 + 1.75 + 1.75 + 1.75 + 2$   
= 11 crore
- 6.(A)  $(2.5 - 1)$  crores =  $1.5 \times 100\,00\,000$   
= 150 00 000
- 7.(B) Total production of B  
=  $2.5 + 2.5 + 3 + 2.75 + 2.25 + 2.25 + 2.5$   
= 17.75  
Average production =  $\frac{17.75}{7} = 2.55$
- 8.(D) In year 2004.
- 9.(A) If sampled in reconnaissance mode, data limitation requires use of maximums. Results are screening level- not definitive.
- 10.(C) If estimating average concentrations is planned  
Exposure units must be defined Must be considered in developing DQOs for project, or results may not be accepted.

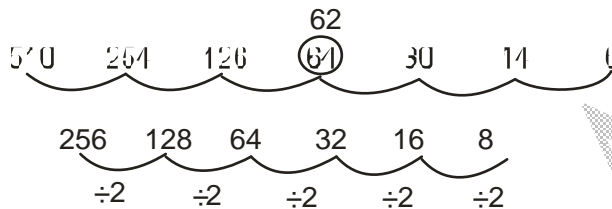
Sufficient samples are required 8-10 samples when contaminant concentrations vary within a narrow range 10-15 sample when concentrations are less predictable

Calculate 90th Upper Confidence Limit (UCL)

- 11.(A) Scatter plots Can be used to evaluate if constituents in subsurface are correlated and have the same or different sources.
- 12.(B) Ratio plots Can be used to evaluate if ratios of constituents in subsurface are similar or different from those in indoor/outdoor air, potentially informing decisions about confounding ambient sources.
- 13.(A) Qualitative data collection techniques were used as the primary research methods for this study. Participant and direct observation plus note taking were the most important techniques used.
- 14.(C) qualitative data collection techniques were used as primary research methods. However in order to organize, classify and analyze the gathered information, we used graphs and statistics as a way to measure the students' level of improvement through the use of reading strategies
- 15.(D) Production was at very low level.
- 16.(A) Ethnic diversity of the people was not appropriately realized by the Central Government.
- 17.(C) Central economic planning found to be difficult because autonomy was given to the States in certain matters
- 18.(D) Because that time no common language emerged.
- 19.(B) "The Indianisation of the Indian Civil Service" , can be cited as an exercise in democratic practice in India before Independence
- 20.(D) The information to be collected in survey method are related to present position, aims of the research & the attainment of aim of research
21. (B) Research is done for solving a business problem

22. (D) A research problem is feasible only when it is researchable, it has some utility, and it is new .
23. (C) One of the essential characteristics of research is usability.
- 24.(A)A parliamentary system is a system of democratic government in which the ministers of the Executive Branch derive their legitimacy from and are accountable to a Legislature or parliament; the Executive and Legislative branches are interconnected. It is a political system in which the supreme power lies in a body of citizens who can elect people to represent them.
- 25.(D) The Cabinet approved the proposal for enhancing reservation for women in Panchayats on from the present 33 per cent to 50 per cent with the provision being applicable to all seats filled through direct election, office of chairpersons and of offices reserved for SC/ST.
- 26.(A) IVRI is situated in Izat Nagar.  
IAT is situated in Pune  
IISc is situated in Bangalore  
NIEPA is situated in Delhi.
- 27.(B) Dr. P B Gajendragadkar was chairman of the UGC committee 1969 appointed for administrative legislation of the universities.
- 28.(B) UGC has launched career oriented program in 1994-95.
- 29.(A) The prime minister of India is appointed from the leading Party in Lok Sabha.
- 30.(B) The study of interrelations between Organism and their environment is called ecology.
- 31.(C) The term ICT is now also used to refer to the convergence of audio-visual and telephone networks with computer networks through a single cabling or link system.
- 32.(D) Jim Corbett National Park was the first National Park established in India.
- 33.(D) Fossil fuels are fuels made by natural processes such as anaerobic decomposition of buried dead organisms.  
Ex. Oil, Natural gas, coal etc.

- 34.(C) Noise in excess of 80-100DB is called noise pollution.
- 35.(D) Effectiveness of teaching depends on Subject Understanding of the Teacher
- 36.(D) Verbal Guidance is least effective in the learning of Relationship.
37. (B) The participation of students will be maximum if Discussion Method is used for teaching.
- 38.(D) The primary responsibility of the teacher's adjustment lies with The Teacher himself
- 39.(C) The First Kindergarten was started by Freidrich Forebel
- 40.(B)



30, 64 is wrong & must be replaced by 62.

- 41.(A) Deductive reasoning determines whether the truth of a conclusion can be determined for that rule, based solely on the truth of the premises.
- 42.(D)  $(2)^2 = 4, (5)^2 = 25 \Rightarrow 425$   
 $(2)^2 = 4, (4)^2 = 16 \Rightarrow 416$   
 $(3)^2 = 9, (5)^2 = 25 \Rightarrow 925.$
43. (A) Such decisions as given in the statement are taken only after taking the existing vacancies into consideration. So, I implicit while II does not implicit.
- 44.(D) CD-ROM disk is the latest write-once optical storage media
- 45.(D) Domain Name identifies a specific web page and its computer on the Web.
- 46.(D) The required region is the one which is common only to the rectangle and circle and is not a part of either the triangle or square

- 47.(C) The required region is the one which lies inside the circle but outside the rectangle, square and triangle,
- 48.(D) The man in the photo is the son of the sister of Bajpai. Hence, Bajpai is the maternal uncle of the man in the photograph.
- 49.(B) Light Year is a unit of distance.
- 50.(A) Tsunamis are huge sea waves caused by earthquakes.

## PAPER – II

1. (D) Economists group commercial banks, savings and loan associations, credit unions, mutual funds, mutual savings banks, insurance companies, pension funds, and finance companies together under the heading financial intermediaries. Financial intermediaries act as middlemen, borrowing funds from those who have saved and lending these funds to others. And also help to promote a more efficient and dynamic economy.
2. (B) If a bank suffers loss due to adverse market movement of a security it is an operational risk.
3. (B) An attribute that contribute to Porters Diamond model are:  
(A) Government  
(C) Factor Conditions  
(D) Demand Conditions Organized Trade union
4. (D) Product life cycle theory states that, lack of resources often helps countries to become competitive.
5. (B) Theory of Mercantilism encourages exports and discourages imports
6. (B) China attracts the largest FDI inflow in the world.
7. (C) In 90's the global management perception was based on Global integration v/s Local Responsiveness



8. (C) The ethics hotline is a mechanism for ethical management in organization. This hotline is handled by an executive who investigates and helps the employees concerned to solve their problems internally, thus preventing an employee from contacting outside agency.
9. (A) An advantage of turnkey project is a person can earn a return on knowledge asset
10. (C) World wide trend towards similar consumption patterns, the emergence of global buyers & sellers, e-commerce and the instant transmission of money & information across continents are reasons of globalization.
11. (D) The advantage of point - rating method are that the system is accurate & dependable, and that wage differentials are likely to be systematic and in accordance with the content of each job. The disadvantage is that it is a complex time consuming assignment involving high costs and a lot of clerical work.
12. (D) As the no. of times of change in signs are two i.e. from -1000 to 1400 and 1400 to -100, we can derive that the maximum no. of IRRs for the series is two. At the end of the first year, there is an inflow of Rs. 1400 in the project. If the firm has withdrawn Rs. 1400 from the project, it would also become an inflow.
13. (D) A non - simple mixed investment has one or more cash outflow interspersed with cash inflows and a mixed investment represents an investment for which the unrecovered investment balance at the end of year  $T$  is greater than zero for some values of  $t$  and equal or less than zero for others values of  $t$ .
14. (A) Credits transferable by original beneficiary in favor of secondary beneficiary are known as deferred credits
15. (A) When the exporter, expects the importer, to make the payment immediately upon the draft being presented to him is called Sight Draft.

16. (C) If the price elasticity of a good is perfectly elastic for a small increase in price of the good leads to a great drop in quantity demanded. And therefore, the revenue of the firm may fall to zero if it increase the price of the good.
17. (C) The law of diminishing return state that by employing more units of same factors of production to work with one or more fixed factors, the total production will increase at an increasing rate, than at a constant rate and finally at a diminishing rate, In option (c) this law is not applicable since two inputs are used in same proportion. When all the inputs are increased by same proportions, this law is not relevant.
18. (D) A socially responsible mutual stock fund provides a way for individual investors to support socially responsible companies. This mutual fund holds securities in companies that adhere to social, moral, religious or environmental beliefs. A socially responsible mutual fund will only hold securities in companies that adhere to high standards of good corporate citizenship.
19. (C) It can be used as a checklist to understand the different environmental influences in the macro environment. Porter's Five Forces model allows a detailed analysis of the structure of an industry, whereas PESTEL is used to assess the macro environment
20. (D) Market, cost, competition and government policies.  
Globalization is driven by many different factors, which can conveniently be grouped into: market convergence; competition; government action and cost advantages. It is unlikely that all of these forces will be equally powerful but they do tend to interact with each other to create a momentum for globalization.
21. (C) Machine lubricant is an indirect material that becomes part of manufacturing overhead. Overhead is a product cost.
22. (D) Costs of repainting the corporate office is not a factory overhead cost. The other items are all typical factory overhead items.

23. (C) The operative function of HRM are related to specific activities of HRM, viz. employment, human resources development, compensation and employee relations Organizing is a managerial function of HRM.
24. (A) Since the value added within the domestic territory will belong to the domestic factor input, NDP at factor cost must be equal to domestic factor income.
25. (A) Dividend corporate taxes are part of corporate profits. National Income refers to the factor income earned by the resident of a country and it includes profit earned by entrepreneur. Profit includes dividends & corporate taxes. Hence dividend & corporate tax are part of national income.
26. (B) If a business spends excessively high amount in social welfare activities, it might transfer the cost to its customers in the form of higher prices. Indirectly society will be made to pay for the social involvement of the business.
27. (C) When the addition to capital goods is more than the capital consumption allowances, it will not result in positive investment.
28. (D) Transfer payments are not considered as payment for current services or production. These items are not entered in nation income. Free food coupons issued to a person in an anti poverty program is not the payment for current services or production and hence it is an example of government transfer payments.
29. (B) Managers often have to deal with unstructured problems under conditions of uncertainty. They do not possess enough information when taking decisions under conditions of uncertainty and do not have knowledge of available alternatives, the risks associated with each of the alternatives and the outcome or consequences of each alternative. They make certain assumptions and depend on their judgment and experience for taking effective decisions.

30. (B) Understanding motivation can help in understanding individual behavior. So it is a psychological state.
31. (A) In India WPI is wide used for determine of inflation Because the office of the economic advisor to government of India publishes whole sale price indices for individual commodities, commodity groups and the overall WPI monthly, They are reported in a number of others publications also.
32. (D) Acc. to Fred Luthan, "Fairling organizations are usually over- managed and under - Led".
33. (B) In the two way communication process, the communication 100 p is complete only when the receiver responds to the sender or acknowledges receipt of the message.
34. (D) Nonverbal communications involves the use of cues, gestures, body language, vocal characteristics and facial expressions.
35. (B) In annual capital charges method, sum of the present value of all the expenses are evaluated, which is dividend by the PVIFA factor depending on the cost of capital and the life of the project.
36. (C) According to traditional approach, the average cost of capital  $K_0$  as a consequence to the behavior of  $K_e$  and  $K_d$
37. (D) Low price is not an assumption in the perfect competition, all the remaining are assumption under perfect competition.
38. (C) There exist large no of buyer & seller in perfectly competitive market, so there is no individual seller, however large, can influence the price by change the output so, in the given question, however the output level is, the price will remain the same for ABC Ltd. company.
39. (D) both statements (iii) & (iv) are the differences between the demand by consumers and the demand by the firms for inputs.
40. (D) Balance of trade = Total merchandize exports - Total merchandize imports.
41. (D) Ensuring discipline in the organization in function of Human resource.

42. (B) Depreciation is a non - cash charge and hence has to be added back to the project after tax.
43. (B) Net export = Total export - Total import.
44. (B) The HR department as a Facilitators helps in designing and implementing many development activities like training, management development and performance appraisal. The HR department facilitates the design and implementation of training, management development and performance appraisal activities.
45. (D) Consumer surplus is the excess of the price that a consumer is willing to pay for the commodity over and above what he actually pays for it. In perfect competition, the price is lower as compared to monopoly, oligopoly because of high competition.
46. (B) Job evaluation is a systematic process of analyzing and evaluating job to determine the relative worth of each job in an org. forms the basis for designing the compensation management system in an org.
47. (C) Direct mail marketing involves sending an offer, remainder, announcement or other item to a person. It is a popular medium because it permits target market selectivity can be personalized, is flexible and allows early testing and response measurement.
48. (B) A manager's ethical behavior is affected by the intensity of the ethical issue itself. Factors like greatness of harm, probability of harm, and proximity to victims influence a manager's perception of the ethical nature of an issue. When the no. of people harmed is large, the intensity of the ethical issue increases.
49. (A) Values refer to the basic convictions held by an individual regarding right or wrong. The personal values of different managers in an organization are often quite different. These values largely determine an individual's ethical or unethical behavior.

50. (C) A careful analysis of agreements for and against the involvement of organization in social welfare is necessary to determine whether an organization should implement social initiatives. (i) & (ii) are arguments against social responsibilities of business (iii) is an argument for social responsibilities of businesses.

## PAPER –III

1. (D) Economists group commercial banks, savings and loan associations, credit unions, mutual funds, mutual savings banks, insurance companies, pension funds, and finance companies together under the heading financial intermediaries. Financial intermediaries act as middlemen, borrowing funds from those who have saved and lending these funds to others, play an important role in determining the quantity of money in the economy, help promote a more efficient and dynamic economy.
2. (A) While the consumption function explains how the income is spend on consumption, the saving function describes what part of income is saved.
3. (D) Banks are important to the study of money and the economy because they provide a channel for linking those who want to save with those who want to invest and also they have been a source of rapid financial innovation that is expanding the alternatives available to those wanting to invest their money
4. (C) Banks, savings and loan associations, mutual savings banks, and credit unions have been adept at innovating in response to changes in the regulatory environment.
5. (B) Default risk, intrinsic risk and Basis risk are the types of credit risk
- 6.(A) Human resource refer to " the total knowledge, skill, creative abilities, talent and aptitudes of an organization's work force as well as the value, attitudes and beliefs of the individuals involved this to a definition by Leon C. Magginson.
7. (B) When interest rates go up, prices of fixed interest bonds go down.
8. (A) Uncertainties resulting in adverse variation of profitability or outright losses is Financial Risk.

9. (D) The Chinese market is expanding very rapidly compared with those of the West. The Chinese economy has expanded very rapidly compared to those in the West where many markets are mature. There is a relatively high level of corruption in Chinese officialdom which foreign multinationals are likely to encounter. As regards polluting industries, the Chinese authorities have a history of not enforcing environmental laws
10. (C) Bonus shares are the additional shares issued to existing shareholders to increase the ownership in the company.
11. (D) Objective of liquidity management is to ensure profitability as well as to ensure liquidity
12. (D) When a company enters a new product category for which its current brand names are not appropriate, will likely follow new brands.
13. (C) Need satisfaction approach requires good listening and problem solving skills. In this sales technique, a sales person first seeks to understand the prospect's stated (express) and unstated (tacit) needs through probing question and careful listening.
14. (B) The starting point of a master budget is sales forecast or sales budget that is an assessment of anticipated sales. A sales budget is a detailed schedule showing the expected sales for the budget period typically it is expressed in both dollars/ Rupees and units of production.
15. (D) Language doesn't play an important role in attracting FDI
16. (A) FDI up to 100% subject to condition that they invest 26 % in favor of Indian Public within 5 yrs
17. (B) Correlation is the study of the linear relationship between two variables. The coefficient of correlation measures the degree of relationship b/w two sets of figure or mutual dependence of two or more variables.
18. (B) A proposition that undergoes verification to determine it should be accepted or rejected in favour of an alternative proposition. Often the null hypothesis is expressed as "There is no relationship between two quantities." It is presumed to be true until statistical evidence nullifies it for alternative hypothesis.

19. (C) The agreement signed by Ranbaxy Laboratory and Bayer AG of Germany in the year 1999 is an example of Strategic International Alliance, In which both companies will use their competitive strength in order to achieve mutual profits
20. (D) The basic objective of export Promotion Council is to promote and develop overall exports of the country.
21. (A) Managerial accounting information is prepared for internal users, while financial accounting information is directed primarily at external users such as stockholders and creditors. The other statements are all correct.
22. (D) Per capita national income is the best indicator because an increase in per capita real national income would mean that goods are available per head, which would mean the standard of living has increased.
23. (D) Planning, control, and decision making are all served by managerial accounting information.
24. (D) All These functions are served by, and in fact depend on, solid cost accounting information.
25. (A) Direct materials, direct labor, and factory overhead are all included as a manufacturing cost. Administrative overhead is not included.
26. (A) Lineation function is a process in human resources management which is concerned with providing a conducive work environment to the employees and nurturing them to make them feel committed and attached to the organization.
27. (D) Direct labor is both a prime cost and a conversion cost. Direct material is only a prime cost and manufacturing overhead is only a conversion cost.
28. (D) The trade off between risk and return is a central concept of financial management since the objective of the firm is to maximize its value to its share holders

29. (B)  $NBCR = NPV/I = \frac{(PV - I)}{I}$



$$= \frac{PV}{I} - I$$

$$NBCR = BCR - 1$$

30. (A) Theoretical value of the right =  $\frac{P_0 - S}{N + 1}$

$$= \frac{80^0 - 60^0}{4 + 1} = 4$$

31. (C) HRM is defined as an organized function of planning for human resource needs, and recruitment, selection, development, compensation and evaluation of performance to fill those needs. The HRM process consists of five basic activities namely human resource planning, staffing, training and development, performance appraisal and compensation mission formulation is an activity of top management.
32. (B) HRM aims at supplying the right people in the right positions in the organization. The major activities in the HRM process are human resource planning, staffing, training and development, performance appraisal & compensation planning.
33. (B) Organizations conduct training program for new recruits to help them understand the processes in the organization. Training programs are also conducted for existing employees who require improved skills in order to advance in the organization.
34. (D) In the selection process, individual characteristics are matched with job requirements.
35. (A) Performance appraisal is defined as the formal evaluation of an individual's job performance. It also involves giving feedback to the individual concerned and developing constructive solutions for further improvement.
36. (B) Cost of goods manufactured is calculated by adding the beginning work in process inventory to total manufacturing costs and subtracting the ending work in process inventory balance. Cost of goods manufactured and total manufacturing costs are not necessarily the same. (They would be the same

if there were no work in process inventory.) Total manufacturing costs consist of direct materials used (not beginning raw materials) plus direct labor plus factory overhead.

**37. (B)** News articles are not sales - promotion fool. Sales promotion is one of the seven aspects of promotion mix which include contests, premiums, coupons, free product samples, prizes, pop display, rebates, freebies etc.

**38. (B)** In PLC, introduction stage is a period of slow sales growth as the product is introduced in the market, profits are non-existent because of the heavy expenses of product introduction. In this stage promotional expenditure are at their highest ratio to sales because of the need to (1) inform potential consumers (2) induce product trial and (3) secure distribution in retail outlets.

**39. (B)** Ignoring their regulatory agencies.

Pharmaceutical do not ignore regulatory agencies. They usually spend much time effort trying to influence the decisions made by them e.g. to get approval for the use of their drugs. The firms also go in for lobbying and may, at times, use threat or promises to achieve their desired

**40. (B)** In demographic segmentation, the market is divided into groups on the basis of variables such as age, family size, family life, cycle, gender, income, occupation, education, race, generation, social class, religion and nationality. One of the reasons for the popularity of this kind of segmentation is that consumer needs, wants and usage rates and product and brand preferences are often associated with demographic variables.

**41. (C)** The CAPM model,

Acc. to this approach, the cost of equity is reflected by the following question.

$$K_i = R_f + \beta_i (R_m - R_f)$$

Here  $R_m$  denotes the return from the market portfolio.

**42. (C)** BCR & NBCR criteria are not suitable to evaluate a non - simple mixed investment.

43. (D) Both the methods required rate of earning of investment made on a project is compared with the return and their time value. Thus, if the return crosses the requisite only then it is accepted.
44. (C) Coefficient of variation =  $\frac{\text{Standard deviation}}{\text{Mean}}$
45. (D) Capital recovery factor is the inverse of present value interest factor for annuity.
46. (A) Deferred credits could mean money received in advance of it being earned, such as deferred revenue or customer advances. It could also result from complicated transaction. Where a credit amount arises but the amount is to revenue. It is reported as a liability in balance sheet.
47. (A) In a sight draft, the payment is on demand or on presentation of the negotiation documents to the paying bank or the importer. In practice, the bank may pay within 3 working days (not instantly) after the receipt and review of the negotiation documents.
48. (D) The basic objective of export promotion council/ is to promote & develop the Exports of the overall exports of the country.
49. (A) It makes it easier to resolve contract disputes for firms involved in international trade and investment. International law, by setting down a standard set of rules, can facilitate the resolution of disputes especially where it avoids disagreement over which national system of laws applies to the case. Where international law applies, firms can not select the national legal system most favourable to their side of the dispute. The fact that different interpretations can be made of international law impedes its ability to facilitate international trade and investment. There is no evidence that the Uniform Commercial Code favours US multinational interests.
50. (A) Exploring new market is an aggressive reason for going companies international, Defensive reason is to protect domestic market.
51. (C) Break even of a firm occurs when there is a no profit no loss situation happens. This can be possible only when  $AR = AC$ .

- 52. (C)** Personal disposable Income = Wage & Salary + Dividend paid at home + Factor income received from abroad + Transfer from govt. personal income tax.
- 53. (D)** As the no. of times of change in signs are two i.e. from -1000 to 1400 and 1400 to - 100, we can derive that the maximum no. of IRRs for the series is two. At the end of the first year, there is an inflow of Rs. 1400 in the project. If the firm has withdrawn Rs. 1400 from the project, it would also become an inflow.
- 54. (B)** The law lacks clarity.  
The law around E-Commerce is not clearly laid out. A whole range of laws can be applied to the internet and the situation is further complicated by the difficulty of applying contract law to internet commerce and of dealing with hackers who might be located in countries thousands of miles away.
- 55. (B)** Virtual org. enables employees to work from home. This means less interaction with the org. difficulty in managing and monitoring performance, and difficulty in promoting commitments towards organization. An advantage of working from home is that employees can save time and money involved in shuttling between workplace and homes.
- 56. (D)** Profits can be made from arbitrage.  
Financial institutions make money from buying in the market where the price is low and selling at a profit in markets where price is higher - this activity is called arbitrage. Not all countries have their own currency e.g. members of the Euro zone and exchange rates are not fixed by the IMF. A collapse in the exchange rate of a currency can cause economic disruption e.g. a large increase in the rate of inflation, and a big increase in the value of debt held in foreign currency as occurred in Iceland in 2008. Such economic disruption does not guarantee benefits to financial institutions.
- 57. (B)** It has sufficient financial resources to help individual countries facing balance of payments problems.
- 58. (C)** They spread risk.

Financial institutions have traditionally spread risk by mobilizing savings and using them to finance a whole range of projects with varying degrees of risk. The financial system provides short, medium and long-term finance.

- 59. (B)** Gain-sharing systems necessitate that team exceeds some base-line performance to receive a share of the profits generated by the org. This system rewards all team members on the basis of the performance of the organization division or plant.
- 60. (B)** Barriers to trade and investment
- Barriers such as tariffs, quotas and controls on the movement of capital hinder rather than facilitate globalization.
- 61. (D)** Private agencies usually cater to the recruitment needs of juniors, middle and top level of management. They charge a percentage of the pay package offered to the candidate as fees for their service.
- 62. (B)** Cutting the cost for firms of communicating across borders.
- The internet offers a cheap and easy way for business to send and receive information across borders.
- 63. (B)** The recency effect occurs when the recent performance of the appraisee dominates the appraisal. The appraisee tends to get influenced by the performance of the employee over the recent months of the appraisal prior as it is still fresh in his memory.
- 64. (B)** Interest free loans provided by companies to their employees are an example of benefits. Benefits are fringe advantages that accrue to an employee over and above his salary as a result of his employment and position in the organization and which are not related to his performance.
- 65. (C)** The first stage in grievance redressal is usually handled by supervisor or the designated officer.

66. (C) Acc. to Section 3 (1) (iii) of companies Act, 1956 the minimum no. of persons required to form a private and public ltd. company are 2 and 7.
67. (D) Building power stations using fossil fuels.  
Building fossil fuel burning power stations would result in a rise in emissions of, for example, carbon dioxide a major contributor to climate change. All the other options are policies aimed at reducing emissions of greenhouse gases.
68. (D) Acc. to Net operating income approach, the overall capitalization rate and the cost of debts remain constant for all degree of leverage.
69. (B) There is no obligation to pay dividends on equity capital as well as preference capital. Preference capital includes the call feature wherein the issuing company has the option to redeem the shares prior to maturity date. Only equity shareholders enjoy voting rights.
70. (D) A firm can raise capital from the primary market by issue of securities in all the above ways.
71. (C) Currency crises.  
Access to cheap labour, transport and lighter regulation are all potentially beneficial to international business and therefore opportunities. Currency crises might be an opportunity to some financiers but for business in general they increase risk and uncertainty and are therefore a threat.
72. (A) Sales Tax is the most important source of revenue for states
73. (D) Cigarette Taxes, Gasoline Taxes, Alcohol Taxes are examples of excise taxes
74. (A) Equity is defined as fairness in spending.
75. (C) General Obligation Bonds are bonds issued by governments that pledge their "full faith and credit," including tax revenues, to repayment.