SECTION A: FUNDAMENTALS OF ACCOUNTING

1. Rs. 1,500 spent on repairs before using a second hand car purchased recently is a
   (a) Capital expenditure
   (b) Revenue expenditure
   (c) Prepaid revenue expenditure
   (d) None of the three

2. Commission received in advance is a
   (a) Personal account
   (b) Nominal account
   (c) Real account
   (d) None of the three

3. 100 articles at the sale price of Rs. 200 each sent to a customer on approval basis were recorded as actual sales on that price. The sale price was made cost plus 25%. The amount of inventory on approval will be
   (a) 16,000
   (b) 20,000
   (c) 15,000
   (d) none

4. A and B are partners, sharing profits in the ratio of 5:3. They admit C with 1/5 share in profits, which he acquires equally from both 1/10 from A and 1/10 from B. New profit sharing ratio between A and B will be
   (a) 21:11
   (b) 20:10:4
   (c) 15:10:5
   (d) None of the three
5. On 1st Sept. 2016 goods costing Rs. 33,000 were consigned by X to his agent Y at a proforma price which was cost plus one – sixth profit on invoice price. Invoice price of goods will be_____
   (a) Rs. 39,000
   (b) Rs. 39,600
   (c) Rs. 40,000
   (d) Rs. 45,000

6. A second hand car is purchased for Rs. 15,000, the amount of Rs. 1000 is spent on its repairs, Rs. 500 is incurred to get the car registered in owners name and Rs. 1200 is paid as dealers commission. The amount debited to car account will be
   (a) Rs. 17,700
   (b) Rs. 16,000
   (c) Rs. 16,500
   (d) Rs. 17,000

7. Ras started business on 01.01.2016 with a capital of Rs. 20,000 and he borrowed Rs. 3,000 from a friend. He earned a profit of Rs. 10,000 during the year and withdrew cash Rs. 5,000 for private use. What is his capital at the end of the year?
   (a) Rs. 25,000
   (b) Rs. 28,000
   (c) Rs. 30,000
   (d) Rs. 27,000

8. Mohan paid Rs. 500 towards a debit of Rs. 2,500, which was written off as bad debt in the previous year. Mohan’s account will be credited with
   (a) Rs. 2,500
   (b) Rs. 2,000
   (c) Rs. 500
   (d) None of the three

9. Total sales during the year amounted to Rs. 70,000; Cash sales Rs. 10,000; Balance of trade receivables at the end of the year Rs. 25,000. Cash received from customers during the year will be
   (a) Rs. 35,000
   (b) Rs. 30,000
   (c) Rs. 37,000
10. A trader purchased furniture on Jan 1, 2015 for Rs. 5,200. Its scrap value is 200 and life 10 years. Depreciate furniture according to fixed instalment method. Balance of furniture a/c at the end of third year will be
   (a) Rs. 3,500
   (b) Rs. 3,700
   (c) Rs. 4,000
   (d) Rs. 3,400

11. The total of debit and credit side of Mr. Raja Ram’s Trial balance as on 31st March, 2016 were Rs. 20,000 and Rs. 10,000 respectively. The difference was transferred to suspense A/c. On 4th April 2016, it was found that the total of sales book was carried forward as 5,000 instead of 4,000. The balance of suspense A/c after rectification of this error will be -
   (a) Rs. 11,000
   (b) Rs. 10,000
   (c) Rs. 9,000
   (d) Rs. 12,000

12. Goodwill is to be calculated at one year’s purchase of the average of the last 3 years profit. The profit of the first year was Rs. 6,000, second year twice the profit of the first year and the third year one and half times of the profit of the second year goodwill amount will be -
   (a) Rs.10,000
   (b) Rs.12,000
   (c) Rs.11,000
   (d) Rs.13,000

13. Huge Ltd. issued 25,000 equity shares of Rs.100 each at a premium of Rs. 15 each payable as Rs. 25 on application, Rs. 40 on allotment and balance in the first call. The applications were received for 75,000 equity shares but the company issued to them only 25,000 shares. Excess money was refunded to them after adjustment for further calls. Last call on 500 shares were not received and were forfeited after due notice. The above is the case of
   (a) Oversubscription.
   (b) Pro-rata allotment.
   (c) Forfeiture of shares.
14. When balance as per cash book is the starting point, and cheques issued for payment Rs. 400 was wrongly credited by Bank as Rs.900 then in the bank reconciliation statement cash balance will be
(a) Added by Rs. 1300
(b) Subtracted by Rs. 1,300
(c) Added Rs. 900
(d) Subtracted by Rs. 400

15. There was difference in the bank column of cash book and passbook by Rs. 2,500. On scrutiny it was found that interest of Rs. 500 charged directly by the bank was not entered in the cash book. The same was adjusted in the cashbook before reconciliation statement. Now, in the bank reconciliation statement, this interest of Rs. 500 is to be
(a) Added to the cash book balance.
(b) Subtracted from the cash book balance.
(c) Ignored while preparing bank reconciliation statement.
(d) None of the above.

16. 1,000 kg of oranges are consigned to a wholesaler, the cost being Rs. 8 per kg, plus Rs. 925 of freight. It is concluded that a loss of 15% is unavoidable. The cost per kg of orange will be
(a) Rs. 9.41
(b) Rs.10.00
(c) Rs. 10.50
(d) Rs.8.93

17. If cost of goods sold is Rs. 80,700, Opening stock Rs. 5,800 and Closing stock Rs. 6,000. Then the amount of purchase will be
(a) Rs. 80,500
(b) Rs. 74,900
(c) Rs. 74,700
(d) Rs. 80,900

18. Writing of transaction in the ledger is called
(a) Posting
(b) Journalizing
(c) Balancing
19. Prakash Ltd. issued 15,000, 15% debentures of Rs.100 each at a premium of 10%, which are redeemable after 10 years at a premium of 20%. The amount of loss on redemption of debentures to be written off every year is
(a) Rs. 15,000.
(b) Rs. 30,000.
(c) Rs. 45,000.
(d) Rs. 22,500.

20. Tista Ltd. has issued 14% Debentures of Rs. 10,00,000 on April 01, 2014 and the company pays interest half-yearly on June 30, and December 31, every year. On March 31, 2016, the amount shown as “interest accrued but not due” in the Balance Sheet will be:
(a) Rs. 35,000 shown along with Debentures.
(b) Rs. 70,000 under current liabilities.
(c) Rs. 1,40,000 shown along with Debentures.
(d) Rs. 10,000 under current liabilities.

21. Debentures which are not secured by any charge upon any assets of the company are called
(a) Secured debenture
(b) Naked debenture
(c) Bearer debenture
(d) Floating debenture

22. Change in accounting estimate means
(a) Differences arising between certain parameters estimated earlier and re-estimated during the current period
(b) Differences arising between certain parameters estimated earlier and actual results achieved during the current period
(c) Differences arising between certain parameters re-estimated during the current period and actual results achieved during the current period
(d) Both (a) and (b)
23. Ram Ltd. re-issued 200 equity shares of Rs.9 each @ Rs. 7 per share. These shares were issued originally at par. Amount debited to discount on re-issue of shares will be
   (a) Rs. 300
   (b) Rs. 200
   (c) Rs. 400
   (d) Rs. 500

24. The plant and machinery account of a firm had a debit balance of Rs. 1,47,390 (before charging depreciation for the year) as on 31st December, 2016. On 1st Jan., 2013 Co. started business and has been following the practice of charging full year’s depreciation every year on Diminishing balance method @ 15%. Cost of machinery on 01.01.2013 will be
   (a) Rs. 2,40,000
   (b) Rs. 2,00,000
   (c) Rs. 2,50,000
   (d) None of the three

25. Fluctuating capital account is credited with
   (a) Interest on capital
   (b) Profit of the year
   (c) Salaries or Remuneration of the partners
   (d) All of the above

26. All of the following have debit balance except
   (a) 6% Debentures
   (b) Loan to contractor
   (c) Interest on debentures
   (d) Audit Fee

27. Double column cash book records
   (a) Only credit transactions
   (b) All transactions
   (c) Cash and bank transactions
   (d) Cash purchase and credit sale transactions
28. A bill has been drawn on August 10, 2016 payable after 3 months. The maturity date of the bill will be
   (a) Nov. 13, 2016
   (b) Nov. 10, 2016
   (c) Oct. 31, 2016
   (d) None of the above

29. Salary and wages is debited to
   (a) Trading Account
   (b) Profit and Loss Account
   (c) P/L Appropriation account
   (d) Balance Sheet

30. If sales revenue is Rs. 5,00,000, cost of goods sold is Rs.3,10,000. The gross profit is
   (a) Rs. 1,90,000
   (b) Rs. 2,00,000
   (c) Rs. 3,10,000
   (d) None of the three

31. Goods of Rs. 600 (sales price) sent on sale on approval basis were included in sales book. The profit included in the sales was at 20% on cost. Closing stock will increase by
   (a) Rs.500
   (b) Rs.600
   (c) Rs.480
   (d) None of the three

32. A manager gets 5% commission on net profit after charging such commission. Gross profit Rs. 48,000 and expenses of indirect nature other than manager’s commission are Rs. 6,000.
   Commission amount will be
   (a) Rs.2,000
   (b) Rs.1,800
   (c) Rs.2,200
   (d) None of the three

33. Ramesh drew a 45 days bill on Komal on 25th Jan., 2015. The bill will mature on
   (a) March 14
34. Birbal drew a three month bill on Satyapal for Rs. 5,000. On due date Satyapal approached Birbal to renew the bill for another month @ 12% p.a. Amount of the new bill will be
(a) Rs. 5,000
(b) Rs. 5,050
(c) Rs. 4,050
(d) None of the three

35. Preet accepted a 90 days bill of Rs. 10,000 drawn by Jeet on 05.02.2016. On 13.03.2016, Preet wished to retire the bill. Jeet offered rebate @ 12% p.a. Considering the year of 360 days, rebate amount will be -
(a) Rs. 150
(b) Rs. 180
(c) Rs. 184
(d) None of the three

36. A company issued Rs. 2,00,000 15% debentures at a discount of 5% redeemable after 10 years at a premium of 10%. Loss on issue of debentures will be
(a) Rs. 30,000
(b) Rs. 15,000
(c) Rs. 20,000
(d) None of the three

37. A limited company forfeited 100 equity shares of the face value of Rs. 10 each, for non-payment of first call of Rs. 2 per share. The forfeited shares were subsequently reissued as fully paid @ 7 each. Amount transferred to capital reserve will be
(a) Rs. 500
(b) Rs. 200
(c) Rs. 300
(d) None of the three

38. Interest on capital at 6% p.a. is to be allowed. Capital in the beginning was Rs. 3,00,000. Interest amount will be
(a) Rs. 18,000
39. Net salary paid to employees Rs. 45,000 in cash after deducting income tax Rs. 1,000, professional tax Rs. 200, employees provident fund Rs. 2,000, staff welfare fund Rs. 100 and recovery of loan Rs. 1,700. Salary A/c will be debited with -

(a) Rs. 50,000  
(b) Rs. 45,000  
(c) Rs. 48,000  
(d) None of the three

40. Depreciation on motor car, whose cost is Rs. 58,000 with an accumulated depreciation reserve of Rs. 11,600, at 20% p.a. on diminishing balance will be

(a) Rs. 9000  
(b) Rs. 9280  
(c) Rs. 10000  
(d) None of the three

41. X sells goods at cost plus 60%. Total sales were of Rs. 16,000. Cost price of goods will be

(a) Rs.10,000  
(b) Rs.9,000  
(c) Rs.15,000  
(d) None of the three

42. A trader sells goods at a profit of 25% on sale. In a particular month, he sold goods costing Rs. 34,200. Rate of profit on cost will be -

(a) $33\frac{1}{3}\%$  
(b) 30%  
(c) 35%  
(d) None of the three

43. A manager gets 5% commission on sales. Cost price of goods sold is Rs. 40,000 which he sells at a margin of 20% on sale. Commission will be

(a) Rs. 2,500  
(b) Rs. 2,400  
(c) Rs. 2,000
44. Selection of accounting policies is based on:
   (a) Prudence
   (b) Substance over form
   (c) Materiality
   (d) All of the above

45. Which of the followings is a valuation principal?
   (a) Historical cost
   (b) Current cost
   (c) Realisable value
   (d) All of the above

46. Profit or loss on revaluation is shared among the partners in
   (a) Old profit sharing ratio
   (b) New profit sharing ratio
   (c) Capital ratio
   (d) Equal ratio

47. In case of admission of a partner, the first account prepared is
   (a) Revaluation account
   (b) Realisation account
   (c) Profit and Loss adjustment account
   (d) Bank account

48. After the death of a partner, amount payable is received by
   (a) Government
   (b) Firm
   (c) Executor of the death partner
   (d) None of the three

49. Rings and pistons of an engine were changed at a cost of Rs. 5,000 to increase fuel efficiency is:
   (a) Capital expenditure
   (b) Revenue expenditure
   (c) Prepaid revenue expenditure
   (d) None of the above
50. Which of the following is nominal account
   (a) Debtors account
   (b) Loan account
   (c) Bad debts account
   (d) Bank overdraft

51. Unexpired portion of Capital expenditure is shown in
   (a) Trading account
   (b) Profit and Loss a/c
   (c) Balance Sheet
   (d) None of the above

52. On 01.09.2016, A draws a bill on B “for 30 days after sight”. The date of acceptance is 08.09.2016. The maturity date of the bill will be
   (a) 08.10.2016
   (b) 10.10.2016
   (c) 11.10.2016
   (d) 09.10.2016

53. If the firm pays Income Tax on behalf of partners, such payment of personal income tax should be treated as
   (a) Income tax of firm
   (b) Drawings of partners
   (c) Income of the firm
   (d) None of the above

54. Issued 2,000, 12% Debentures of Rs. 100 each at a discount of 2% redeemable at a premium of 5%. Loss on issue of debentures will be
   (a) Rs.14,000
   (b) Rs.12,000
   (c) Rs.10,000
   (d) None of the three

55. (i) 1,00,000 Equity shares of 10 each fully called up.
   (ii) Calls in arrears Rs. 10,000
   (iii) Calls in advance Rs. 5,000
   (iv) Proposed dividend 15%
Dividend payable will be
(a) Rs.1,48,500
(b) Rs.1,50,000
(c) Rs.1,45,000
(d) None of the three

56. Compensation paid to retrenched employee is:
(a) Capital expenditure
(b) Revenue expenditure
(c) Prepaid revenue expenditure
(d) Capital loss

57. Petty expenses paid in cash are recorded in:
(a) Purchase book
(b) Sales book
(c) Petty cash book
(d) Purchase return book

58. On April 1, 2016, a bill was drawn for two months. The maturity date of payment will fall on:
(a) June 1, 2016
(b) June 4, 2016
(c) June 5, 2016
(d) None of the above

59. Current assets does not include:
(a) Cash
(b) Stock
(c) Debtors
(d) Furniture & Fittings

60. Rs. 5,000 spent on maintenance of plant and machinery is:
(a) Revenue expenditure
(b) Capital expenditure
(c) Prepaid capital expenditure
(d) None of the three above
SECTION B: MERCANTILE LAWS

61. Novation may take place between
   (a) Different parties
   (b) The same parties
   (c) (a) or (b)
   (d) (a) and (b)

62. The basis of ‘quasi contractual relations’ is the
   (a) existence of a valid contract between the parties
   (b) prevention of unjust enrichment at the expense of others
   (c) Provisions contained in Section 10 of the Contract Act
   (d) Existence of a voidable contract between the parties.

63. Goods which are in existence at the time of the Contract of Sale is known as
   (a) present Goods.
   (b) existing Goods.
   (c) specific Goods.
   (d) none of the above.

64. A contingent contract dependent on the non-happening of a future uncertain event becomes void when such event
   (a) happens
   (b) does not become impossible
   (c) does not happen
   (d) both (a) and (b)

65. Which of the following is not the right of a partner i.e., which he cannot claim as a matter of right?
   (a) Right to take part in business.
   (b) Right to have access to account books.
   (c) Right to share profits.
   (d) Right to receive remuneration.

66. Which of the following is false? An offer to be valid must:
   (a) Intend to create legal relations.
   (b) Have certain & unambiguous terms.
(c) Contain a term the non-compliance of which would amount to acceptance.
(d) Be communicated to the person to whom it is made.

67. A, B and C jointly promised to pay Rs. 60,000 to D. A was compelled by D to pay the entire amount of Rs. 60,000. Here
(a) A can file a suit against D for recovery of amount exceeding his share.
(b) A is entitled to recover Rs. 20,000 each from B and C
(c) On payment by A, the contract is discharged and B and C are also not liable to A.
(d) D is not justified here, and is liable to refund the entire amount to A

68. The doctrine of Caveat Emptor does not apply, when
(a) the goods are bought by sample.
(b) the goods are bought by sample as well as description.
(c) the goods are purchased under its brand name.
(d) all of the above.

69. A threatens to kill B if he does not agree to sell his scooter to him for Rs. 5,000. Here, B’s consent is obtained by:
(a) undue influence
(b) fraud
(c) coercion
(d) none of these

70. Consideration in simple term means:
(a) Anything in return.
(b) Something in return.
(c) Everything in return.
(d) Nothing in return.

71. Suppose you have entered into a partnership agreement and the partnership deed provides neither for the duration nor for the determination of our partnership. What is the technical expression for this kind of partnership?
(a) Partnership for a fixed term.
(b) Partnership at will.
(c) Particular Partnership.
(d) Any of these
72. A agrees to deliver his old car valued at Rs. 80,000 to B, a car dealer, in exchange for a new car, and agrees to pay the difference in cash it is
   (a) Contract of sale.
   (b) Agreement to sell.
   (c) Exchange.
   (d) Barter.

73. When offer is made to a definite person, it is known as
   (a) General Offer
   (b) Cross Offers
   (c) Counter Offer
   (d) Special Offer

74. Standing Offer means
   (a) Offer allowed to remain open for acceptance over a period of time.
   (b) Offer made to the public in general.
   (c) When the offeree offers to qualified acceptance of the offer.
   (d) Offer made to a definite person

75. Selection of goods with the intention of using them in performance of the contract and with the mutual consent of the seller and the buyer is known as
   (a) distribution.
   (b) appropriation.
   (c) amortization.
   (d) storage.

76. Which of the following elements does not affect the free consent of the parties
   (a) Coercion
   (b) Fraud
   (c) Incompetency
   (d) Undue influence

77. A new partner can be admitted in the firm with the consent of
   (a) All the partners.
   (b) Simple majority of partners.
   (c) Special majority of partners.
78. A agrees to pay Rs. 50,000 to B if he kills C. The agreement is
   (a) void
   (b) valid
   (c) voidable
   (d) contingent.

79. An agreement in restraint of legal proceedings is void. It does not cover an agreement which
   (a) Restricts absolutely the parties from enforcing their legal rights
   (b) Cuts short the period of limitation
   (c) Discharges a party from liability or extinguishes the rights of a party
   (d) Provides for a reference to arbitration instead of court of law.

80. A partner can be expelled if:
   (a) Such expulsion is in good faith
   (b) The majority of the partner agree on such expulsion
   (c) The expelled partner is given an opportunity to start a business competing with that of the firm
   (d) Compensation is paid

81. A contract is discharged by rescission which means the
   (a) change in one or more terms of the contract.
   (b) acceptance of lesser performance.
   (c) abandonment of rights by a party.
   (d) cancellation of the existing contract.

82. Which of the following acts are not included in the implied authority of a partner?
   (a) To buy or sell goods on accounts of partners.
   (b) To borrow money for the purposes of firm.
   (c) To enter into partnership on behalf of firm.
   (d) To engage a lawyer to defend actions against firm.

83. A mistake as to a law not in force in India has the same effect as:
   (a) mistake of fact
   (b) mistake of Indian law
(c) fraud
(d) misrepresentation

84. In which form of the contract, the property in the goods passes to the buyer immediately:
   (a) agreement to sell.
   (b) hire purchase.
   (c) sale
   (d) installment to sell.

85. If a seller handed over the keys of a warehouse containing the goods to the buyer, it results in
   (a) constructive delivery
   (b) actual delivery
   (c) symbolic delivery
   (d) none of the above

86. Which of the following statements is not true about minor’s position as a partner?
   (a) He cannot become a full-fledged partner is not true about minor’s position as a partner.
   (b) He can become a full-fledged partner in an existing firm.
   (c) He can be admitted only to the benefits of any existing firm.
   (d) He can become partner on becoming a major.

87. The unpaid seller has right of stoppage of goods in transit only where the buyer
   (a) become insolvent.
   (b) refuses to pay price.
   (c) acts fraudulently.
   (d) all of these.

88. As per the accepted view, the registration of the firm is considered complete when
   (a) Complete application for registration is filed with the Registrar.
   (b) Registrar files the statement and makes entries in the Register of Firms.
   (c) Registrar gives notice of registration to all partners.
   (d) Court records the statement and certifies the entries in Register of Firms.

89. Legally, a contract of sale includes
   (a) sale.
(b) agreement to Sell.
(c) barter.
(d) both (a) and (b)

90. In case of illegal agreements, the collateral agreements are:
(a) Valid.
(b) Void.
(c) Voidable.
(d) None of these.

91. On dissolution the partners remain liable till:
(a) Accounts are settled
(b) Partners dues are paid off
(c) Public notice is given
(d) The registrar strikes off the name

92. Which one of the following is/are document of title to goods?
(a) railway receipt.
(b) wharfinger's certificate.
(c) warehouse keeper's certificate.
(d) all of the above

93. A partner can retire on:
(a) Reaching the age of superannuation
(b) On the balance in the capital account reaching a certain amount
(c) In accordance with the Partnership Deed
(d) On the condition of his nominee becoming a partner

94. Which of the following is not an implied condition in a contract of sale?
(a) condition as to title.
(b) condition as to description.
(c) condition as to free from encumbrance.
(d) condition as to sample.

95. The special damages, i.e., the damages which arise due to some special or unusual circumstances -
(a) Are not recoverable altogether

© The Institute of Chartered Accountants of India
(b) Are illegal being punitive in nature
(c) Cannot be claimed as a matter of right
(d) Can be claimed as a matter of right.

96. In a hire-purchase agreement, the hirer
   (a) has an option to buy the goods.
   (b) must buy the goods.
   (c) must return the goods.
   (d) is not given the possession of goods.

97. Sometimes, a party is entitled to claim compensation in proportion to the work done by him. It is possible by a suit for
   (a) damages
   (b) injunction
   (c) quantum meruit
   (d) none of these.

98. A stipulation in a contract of sale of goods whose violation by seller gives a right of rescission to buyer, is called:
   (a) guarantee.
   (b) warranty.
   (c) condition.
   (d) term.

99. Active partner is one who:
   (a) Takes part in the business of the firm
   (b) Actively participates in co-curricular activities
   (c) Actively shares the profits
   (d) Makes a show of authority

100. A contract for the sale of goods which provide that the property would pass to the buyer on full payment of price and execution of sale deed, is known as
    (a) sale.
    (b) agreement to sell.
    (c) hire-purchase agreement.
    (d) sale of approval.
SECTION – C: GENERAL ECONOMICS

101. If the demand curve for good X is downward-sloping, an increase in the price will result in
   (a) A decrease in the demand for good X.
   (b) No change in the quantity demanded for good X.
   (c) A larger quantity demanded for good X.
   (d) A smaller quantity demanded for good X.

102. Which of the following is the result of a decrease in the price of tea, other things being equal?
   (a) A leftward shift in the demand curve for tea.
   (b) A downward movement along the demand curve for tea.
   (c) A rightward shift in the demand curve for tea.
   (d) An upward movement along the demand curve for tea.

103. An increase in consumer income, other things being equal, will
   (a) Shift the supply curve for a normal good to the right.
   (b) Cause an upward movement along the demand curve for an inferior good.
   (c) Shift the demand curve for an inferior good to the left.
   (d) Cause a downward movement along the supply curve for a normal good.

104. Yesterday, seller A supplied 400 units of a good X at Rs10 per unit. Today, seller A supplies the same quantity of units at Rs. 5 per unit. Based on this evidence, seller A has experienced a (an)
   (a) Decrease in supply.
   (b) Increase in supply.
   (c) Increase in the quantity supplied.
   (d) Decrease in the quantity supplied.

105. Which of the following is a variable cost in the short run?
   (a) Wages paid to factory labor
   (b) Payment on the lease for factory equipment
   (c) Rent on the factory
   (d) Interest payments on borrowed financial capital

106. If total revenue is Rs 100, explicit costs are Rs. 50, and implicit costs are Rs.30, then accounting profit equals:
   (a) Rs 50.
107. If there are implicit costs of production, accounting profits will
(a) be lower than economic profits.
(b) be higher than economic profits.
(c) Be equal to economic profits.
(d) Can't say

108. Price discrimination is a situation when a producer
(a) Charges different prices in different markets
(b) Charges same price
(c) Charges many prices
(d) All of the above.

109. In Perfect Competition
(a) Firms are price taker
(b) Buyers are independent
(c) Input prices are given
(d) None of the above

110. Assuming that tea is a normal good, a decrease in consumer income, other things being equal, will
(a) Cause a downward movement along the demand curve for tea.
(b) Shift the demand curve for tea to the left.
(c) Cause an upward movement along the demand curve for tea.
(d) Shift the demand curve for tea to the right.

111. The market for hand tools (such as hammers and screwdrivers) is dominated by Black & Decker, Stanley, and Craftsman. This market is best described as
(a) Competitive
(b) A monopoly
(c) An oligopoly
(d) A duopoly
112. A market structure in which many firms sell products that are similar but not identical is known as
(a) Perfect competition
(b) Monopoly
(c) Oligopoly
(d) None of the above

113. If oligopolists engage in collusion and successfully form a cartel, the market outcome is
(a) The same as if it were served by a monopoly
(b) The same as if it were served by competitive firms
(c) Efficient because cooperation improves efficiency
(d) Known as Nash equilibrium

114. Collusion is difficult for an oligopoly to maintain
(a) Because antitrust laws make collusion illegal
(b) Because, in the case of oligopoly, self-interest is in conflict with cooperation
(c) If additional firms enter the oligopoly
(d) For all the above reasons

115. Which of the following is not a barrier to entry in a monopolized market?
(a) The government gives a single firm the exclusive right to produce some good
(b) The cost of production make a single producer more efficient than a large number of producers
(c) A key resource is owned by a single firm
(d) A single firm is very large

116. Which of the following statements about price and marginal cost in competitive and monopolized markets is true?
(a) In competitive markets, price equals marginal cost; in monopolized markets, price equals marginal cost
(b) In competitive markets, price exceeds marginal cost; in monopolized markets, price exceeds marginal cost
(c) In competitive markets, price equals marginal cost; in monopolized markets, price exceeds marginal cost
(d) In competitive markets, price exceeds marginal cost; in monopolized markets, price equals marginal cost
117. A monopoly is able to continue to generate economic profits in the long run because
   (a) Potential competitors sometimes don't notice the profits
   (b) There is some barrier to entry to that market
   (c) The monopolist is financially powerful
   (d) Antitrust laws eliminate competitors for a specified number of years

118. Why are transfer payments not a component of GDP?
   (a) they are too large and would skew data
   (b) they are negligible in size and scope
   (c) they do not generate wealth
   (d) they only measure a producer's impact on GDP

119. Fresh evaluation of every item of expenditure from the very beginning of each financial
    year is called?
   (a) fresh budgeting
   (b) deficit budgeting
   (c) performance budgeting
   (d) zero-based budgeting

120. The first devaluation of currency took place in
   (a) 1947
   (b) 1948
   (c) 1949
   (d) 1950

121. Assume that, in the population, 95 million people worked for pay last week, 5 million
    people did not work for pay but had been seeking a job, 5 million people did not work for
    pay and had not been seeking a job for the past several months, and 45 million were
    under age 16. The unemployment rate, given these numbers, is:
    (a) 5%
    (b) 8%
    (c) 10%
    (d) 20%

122 Gross capital formation will increase if:
    1. gross domestic savings increases
    2. gross domestic consumption increases
3. GDP increases
Select the correct answer using the codes given below.
(a) 1 only
(b) 1 and 2 only
(c) 1 and 3 only
(d) None

123. Which of the following interest rates is still regulated?
1. Savings account interest rate
2. Fixed deposit interest rate
3. Current account interest rate
Select the correct answer using the codes given below.
(a) 1 only
(b) 1 and 2 only
(c) 3 only
(d) None

(a) Adam Smith
(b) John Maynard Keynes
(c) Sir Richard Hicks
(d) Joseph Stiglitz

125. A rise in general level of prices may be caused by
(a) An increase in the money supply
(b) A decrease in the aggregate level of output
(c) An increase in the effective demand
(d) All of the above

126. Which one of the following is likely to be the most inflationary in its effect?
(a) Repayment of public debt
(b) Borrowing from the public to finance a budget deficit
(c) Borrowing from banks to finance a budget deficit
(d) Creating new money to finance a budget deficit
127. In the context of Indian economy; which of the following is/are the purpose/purposes of ‘Statutory Reserve Requirements’?
   1. To enable the Central Bank to control the amount of advances the banks can create
   2. To make the people’s deposits with banks safe and liquid
   3. To prevent the commercial banks from making excessive profits
   4. To force the banks to have sufficient vault cash to meet their day-to-day requirements.

Select the correct answer
   (a) 1 only
   (b) 1 and 2 only
   (c) 2 and 3 only
   (d) 1, 2, 3 and 4

128. An increase in the Bank Rate generally indicates that the
   (a) market rate of interest is likely to fall
   (b) Central Bank is no longer making loans to commercial banks
   (c) Central Bank is following an easy money policy
   (d) Central Bank is following a tight money policy

129. Consider the following specific stages of demographic transition associated with economic development
   1. Low birthrate with low death rate
   2. High birthrate with high death rate
   3. High birthrate with low death rate

Select the correct order of the above stages using the codes given below:
   (a) 1, 2, 3
   (b) 2, 1, 3
   (c) 2, 3, 1
   (d) 3, 2, 1

130. In India, deficit financing is used for raising resources for
   (a) economic development
   (b) redemption of public debt
   (c) adjusting the balance of payments
(d) reducing the foreign debt

131. In the context of Indian economy, ‘Open Market Operations’ refers to
(a) Borrowing by scheduled banks from the RBI
(b) Lending by commercial banks to industry and trade
(c) Purchase and sale of government securities by the RBI
(d) None of the above

132. The balance of payments of a country is a systematic record of
(a) All import and export transactions of a country during a given period of time, normally a year
(b) Goods exported from a country during a year
(c) Economic transaction between the government of one country to another
(d) Capital movements from one country to another

133. The national income of a country for a given period is equal to the
(a) total value of goods and services produced by the nationals
(b) sum of total consumption and investment expenditure
(c) sum of personal income of all individuals
(d) money value of final goods and services produced

134. The Reserve Bank of India regulates the commercial banks in matters of
1. liquidity of assets
2. branch expansion
3. merger of banks
4. winding-up of banks
Select the correct answer
(a) 1 and 4 only
(b) 2, 3, and 4 only
(c) 1, 2, and 3 only
(d) 1, 2, 3, and 4

135. Which of the following measures would result in an increase in the money supply in the economy?
1. Purchase of government securities from the public by the Central Bank
2. Deposit of currency in commercial banks by the public
3. Borrowing by the government from the Central Bank
4. Sale of government securities to the public by the Central Bank

Select the correct answer
(a) 1 only
(b) 2 and 4 only
(c) 1 and 3
(d) 2, 3, and 4

136. The International Development Association, a lending agency, is administered by the
(a) International Bank for Reconstruction and Development.
(b) International Fund for Agricultural Development.
(c) United Nations Development Programme.
(d) United Nations Industrialized Development Organization.

137. The lowering of Bank Rate by the Reserve Bank of India leads to
(a) More liquidity in the market
(b) Less liquidity in the market
(c) No change in the liquidity in the market
(d) Mobilization of more deposits by commercial banks

138. The SEZ Act, 2005, which came into effect in February 2006 has certain objectives. In this Context, consider the following:
1. Development of infrastructure facilities.
2. Promotion of investment from foreign sources.
3. Promotion of exports of services only.

Which of the above are the objectives of this Act?
(a) 1 and 2 only
(b) 3 only
(c) 2 and 3 only
(d) 1, 2 and 3

139. The supply of a commodity does not depend directly upon
(a) Cost of production
(b) Price of the commodity
(c) Technology of production
140. Which of the following is / are treated as artificial currency?
   (a) ADR
   (b) GDR
   (c) SDR
   (d) Both ADR and SDR

141. New firms are barred from entering the market in
   (a) Perfect competition
   (b) Oligopoly
   (c) Monopolistic competition
   (d) Monopoly

142. India’s largest commercial bank is
   (a) Central Bank of India
   (b) State Bank of India
   (c) Indian Oversea Bank
   (d) Bank of India

143. Regarding the International Monetary Fund, which one of the following statements is correct?
   (a) It can grant loans to any country
   (b) It can grant loans to only developed countries
   (c) It can grant loans to only member countries
   (d) It can grant loans to the central bank of a country

144. Fiscal Policy is related to
   (a) Money supply in the economy
   (b) Regulation of the banking system
   (c) Planning for economic development
   (d) Government’s Revenue and Expenditure

145. Foreign exchange rate means the rate at which the currency of one country can be traded for
   (a) The currency of any other country in the foreign exchange market
   (b) US dollar, which is the strongest currency in any foreign exchange market
(c) A fixed basket of currencies consisting of Dollar, Yen, Euro and Pound
(d) The currency of any other country as determined by the International Monetary Fund

146. In India, during the last decade the total cultivated land for which one of the following crops has remained more or less stagnant?
(a) Rice
(b) Oil Seeds
(c) Pulses
(d) Sugarcane

147. In India, the tax proceeds of which one of the following as a percentage of gross tax revenue has significantly declined in the last five years?
(a) Service tax
(b) Personal income tax
(c) Excise duty
(d) Corporation tax

148. In India, which of the following have the highest share in the disbursement of credit to agriculture and allied activities?
(a) Commercial Banks
(b) Cooperative Banks
(c) Regional Rural Banks
(d) Microfinance Institutions

149. Consider the following actions which the government can take:
1. Devaluing the domestic currency.
2. Reduction in the export subsidy.
3. Adopting suitable policies which attract greater FDI and more funds from FIIs.
Which of the above action/actions can help in reducing the current account deficit?
(a) 1 and 2
(b) 2 and 3
(c) 3 only
(d) 1 and 3
150. Consider the following statements:

The functions of commercial banks in India include

1. Purchase and sale of shares and securities on behalf of customers.
2. Acting as executors and trustees of wills.

Which of the statements given above is/are correct?

(a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2
151. If \( x: y: z = 2:3:5 \), if \( x + y + z = 60 \) then the value of \( z \) is
- (a) 30
- (b) 15
- (c) 9
- (d) 12

152. If \( \begin{pmatrix} a & b \\ b & a \end{pmatrix} = \begin{pmatrix} x-1 & 3x-2 \\ 3x-2 & x-1 \end{pmatrix} \), then the value of \( x \)
- (a) \( \frac{3}{2} \)
- (b) \( \frac{2}{3} \)
- (c) \( \frac{4}{3} \)
- (d) \( \frac{3}{4} \)

153. If \( 27^n = \left( \frac{9}{3^n} \right) \), then the value of \( \frac{1}{n} \) is
- (a) 2
- (b) 4
- (c) 16
- (d) \( \frac{1}{2} \)

154. If \( \log_{6} x + \frac{1}{\log_{8} 6} = \frac{2}{3} \) then \( x \) is
- (a) 12
- (b) 18
- (c) 24
- (d) 36

155. The solution of the equation \( \frac{x}{p} + \frac{y}{q} = 2 \) and \( x+y = p+q \) is
- (a) \( (p,q) \)
- (b) \( (1,q) \)
- (c) \( (1,1) \)
156. The equation $x^2-(p+4)x+2p+5=0$ has equal roots. The value of $p$ is
   (a) 2
   (b) -2
   (c) ±2
   (d) 3

157. The equation of the line parallel line joining (1,2) and (4,8) and having $y$-intercept 3 is
   (a) $2x-y-5 = 0$
   (b) $2x-y+3 = 0$
   (c) $x+2y+3 = 0$
   (d) $x-2y-3 = 0$

158. The roots of the equation $x^3-x^2-4x+4 = 0$ are
   (a) all real
   (b) all complex
   (c) one real and two complex
   (d) two real and one complex

159. If $a>0$ and $b>0$ and $a≠b$ then which of the following is true?
   (a) $1/a > 1/b$
   (b) $1/a < 1/b$
   (c) $1/a + 1/b = 1$
   (d) $1/a - 1/b ≤ 0$

160. The time which a sum of money will be doubled at 6% compounded annually is approximately
   (a) 10 years
   (b) 12 years
   (c) 14 years
   (d) 10 years

161. The annual birth rate and death rate per 1000 are 39.4 and 19.4 respectively. The number of years in which the population will be doubled assuming that there is no immigration or emigration is approximately.
   (a) 40 years
162. A sum is invested at 20% per annum Compound Interest semi-annually. The effective rate of Interest is
(a) 21%  
(b) 22%  
(c) 21.52%  
(d) 25%

163. Find the number of numbers that can be 1,2,3,4,3, 2,1 by placing the odd digits at odd places.
(a) 18  
(b) 21  
(c) 24  
(d) 30

164. A supreme court bench Consists of five judges. In how many ways, the bench can give a majority decision?
(a) 16  
(b) 15  
(c) 17  
(d) 18

165. There 10 points in a plane of which 4 are collinear. How many different straight lines can be formed by joining these points?
(a) 40  
(b) 45  
(c) 6  
(d) 46

166. If Pth term of an A.P is a and qth term is b. Then sum of (p+q) terms is
\[ \frac{p-q}{2} \left[ a + b + \frac{a-b}{p-q} \right] \]
167. Three numbers are in A.P and their sum is 21. If 1, 5, 15 be added to them respectively, they form a G.P, then the numbers are

(a) 23, 7, -9
(b) 5, 7, 9
(c) Both (a) and (b)
(d) none of these

168. If \( a^{1/x} = b^{1/y} = c^{1/z} \) and \( a, b, c \) are in G.P, then \( x, y, z \) are in

(a) G.P
(b) APGP
(c) GP
(d) Infinite series

169. Given that \( f(x) = 2x + 3 \) and \( g(x) = 5x + m \) find \( m \) if \( f \circ g = g \circ f \)

(a) \( m = 12 \)
(b) \( m = 11 \)
(c) \( m = 10 \)
(d) \( m = 9 \)

170. If \( f(x) = e^x \) then \( f^{-1}(x) \) is

(a) \( \log_a x \)
(b) \( \log_a x \)
(c) \( \log_{10} x \)
(d) \( e^{1/x} \)

171. \( f(x) = 2x - |x| \) is

(a) discontinuous at \( x = 0 \)
(b) continuous at \( x = 0 \)
c) not defined at x = 0

d) does not exist

172. \( \lim_{x \to 0} \frac{e^{5x} - e^{3x}}{2x} \)

(a) 1
(b) 1/6
(c) 2
(d) 0

173. \( \int \frac{x^2 - 1}{x^2} e^{\frac{x+1}{x}} \, dx = \)

(a) \( e^{x-1/x} + C \)
(b) \( e^{x+1/x} + C \)
(c) \( \log (e^{x+1/x}) + C \)
(d) \( x e^{x-1/x} e^{-x} + K \)

174. If \( f'(x) = 1 + 2x \log_e 2 \) and curve passes through point (1, 1) the equation of the curve is

(a) \( f(x) = 2^x + 3 \)
(b) \( f(x) = 2^x \)
(c) \( f(x) = x + 2^x - 3 \)
(d) \( f(x) = 2^x + 1 \)

175. \( \int_0^2 \left( \frac{x + 2}{x + 1} \right) \, dx = \)

(a) 0
(b) 2
(c) \( \log 2 \)
(d) 1 + \log 2

176. ‘Stub’ of a table is the

(a) Left part of the describing columns
(b) Right part of the describing columns
(c) Right part of the describing rows
(d) Left part of the describing rows
177. Median of a distribution can be obtained from
   (a) Frequency polygon
   (b) Histogram
   (c) Less than type ogives
   (d) None of these

178. Geometric Mean of 3, 6, 24, and 48
   (a) 12
   (b) 13
   (c) 14
   (d) 15

179. If two groups have 20 and 30 items the means of 1st and combined groups are 40 and 46. The mean of the second group is
   (a) 48
   (b) 52
   (c) 45
   (d) 50

180. The set of observations 15, 12, 17, 12, 13, 15, 16, 19, 15, 12 is
   (a) unimodal
   (b) bimodal
   (c) trimodal
   (d) no modal

181. If SD of 1st n natural numbers is 2, then the value of n must be
   (a) 2
   (b) 7
   (c) 6
   (d) 5

182. If SD of x is 3, What’s the variance of (5-2x) ?
   (a) 36
   (b) 1
   (c) 6
   (d) 9
183. The covariance between two variables is
(a)  Strictly positive
(b)  Strictly negative
(c)  Always 0
(d)  Either positive or negative or zero.

184. The regression coefficients remain unchanged due to a
(a)  Shift of origin
(b)  Shift of scale
(c)  Both (a) and (b)
(d)  (a) or (b).

185. If cov(x, y) = 15, what restrictions should be put for the standard deviations of x and y?
(a)  No restriction.
(b)  The product of the standard deviations should be more than 15.
(c)  The product of the standard deviations should be less than 15.
(d)  The sum of the standard deviations should be less than 15.

186. If the sum of squares of difference of ranks, given by two judges A and B, of 8 students in
21, what is the value of rank correlation coefficient?
(a)  0.7
(b)  0.65
(c)  0.75
(d)  0.8

187. The odds in favour of an event is 2 : 3 and the odds against another event is 3 : 7. Find
the probability that only one of the two events occurs.
(a)  27/50
(b)  7/25
(c)  8/25
(d)  23/50

188. If two events A and B are independent, then
(a)  A and the complement of B are independent
(b)  B and the complement of A are independent
(c)  Complements of A and B are independent
189. If A, B and C are mutually exclusive and exhaustive events, then \( P(A) + P(B) + P(C) \) equals to

(a) \( \frac{1}{3} \)

(b) 1

(c) 0

(d) any value between 0 and 1.

190. Three dice are thrown. What's the expected value of their product?

(a) \( \frac{21}{6} \)

(b) \( \frac{343}{8} \)

(c) \( \frac{21}{8} \)

(d) \( \frac{1}{2} \)

191. A bag contains 3 white, 4 red and 5 black balls. Three balls are drawn. The probability that they are of each colour is

(a) \( \frac{3}{11} \)

(b) \( \frac{3}{22} \)

(c) \( \frac{5}{11} \)

(d) \( \frac{5}{22} \)

192. If \( x \) and \( y \) are independent random variables with standard deviation 2 and 3 then the standard deviation of \( (X+Y) \) is

(a) 13

(b) \( \sqrt{13} \)

(c) 5

(d) 169

193. If the two quartiles of \( N(\mu, \sigma^2) \) are 14.6 and 25.4 respectively, what is the standard deviation of the distribution?

(a) 9.

(b) 6.

(c) 10.

(d) 8.
194. If the points of inflexion of a normal curve are 40 and 60 respectively, then its mean deviation is
(a) 40.
(b) 45.
(c) 50.
(d) 60.

195. The criteria for an ideal estimator are
(a) Unbiasedness, consistency, efficiency and sufficiency
(b) Unbiasedness, expectation, sampling and estimation
(c) Estimation, consistency, sufficiency and efficiency
(d) Estimation, expectation, unbiasedness and sufficiency.

196. Standard error can be described as
(a) The error committed in sampling
(b) The error committed in sample survey
(c) The error committed in estimating a parameter
(d) Standard deviation of a statistic.

197. As the sample size increases, standard error
(a) Increases
(b) Decreases
(c) Remains constant
(d) Decreases proportionately

198. Purchasing Power of Money is
(a) Reciprocal of price index number.
(b) Equal to price index number.
(c) Unequal to price index number.
(d) None of these.

199. Net monthly salary of an employee was Rs. 3000 in 1980. The consumer price index number in 1985 is 250 with 1980 as base year. If the has to be rightly compensated then, 7th dearness allowances to be paid to the employee is:
(a) Rs. 4,800
(b) Rs. 4,700
(c) Rs. 4,500
(d) None of these.

200. During the certain period the C.L.I. goes up from 110 to 200 and the Salary of a worker is also raised from 330 to 500, then the real terms is

(a) Loss by Rs. 50
(b) Loss by 75
(c) Loss by Rs. 90
(d) None of these.