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# SET 2016

## PAPER – II

## COMMERCE

Signature of the Invigilator

Question Booklet No. 090418

1.

OMR Sheet No.. .....

**Subject Code** 09 **ROLL No.**

**Time Allowed : 75 Minutes** **Max. Marks : 100**

No. of pages in this Booklet : **8** No. of Questions : **50**

### INSTRUCTIONS FOR CANDIDATES

1. Write your Roll No. and the OMR Sheet No. in the spaces provided on top of this page.
2. Fill in the necessary information in the spaces provided on the OMR response sheet.
3. This booklet consists of fifty (50) compulsory questions each carrying 2 marks.
4. Examine the question booklet carefully and tally the number of pages/questions in the booklet with the information printed above. **Do not accept a damaged or open booklet**. Damaged or faulty booklet may be got replaced within the first **5** minutes. Afterwards, neither the Question Booklet will be replaced nor any extra time given.
5. Each Question has four alternative responses marked (A), (B), (C) and (D) in the OMR sheet. You have to completely darken the circle indicating the most appropriate response against each item as in the illustration.




6. All entries in the OMR response sheet are to be recorded in the original copy only.
7. Use only Blue/Black Ball point pen.
8. Rough Work is to be done on the blank pages provided at the end of this booklet.
9. If you write your Name, Roll Number, Phone Number or put any mark on any part of the OMR Sheet, except in the spaces allotted for the relevant entries, which may disclose your identity, or use abusive language or employ any other unfair means, you will render yourself liable to disqualification.
10. You have to return the Original OMR Sheet to the invigilators at the end of the examination compulsorily and must not carry it with you outside the Examination Hall. **You are, however, allowed to carry the test booklet and the duplicate copy of OMR Sheet** on conclusion of examination.
11. Use of any calculator, mobile phone or log table etc. is strictly prohibited.
12. **There is no negative marking.**

**09-16**

SEAL



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# PAPER-II
# COMMERCE

1. Difference between the total revenue and total expenditure of the Government is known as :
   (A) Fiscal Deficit
   (B) Budgetary Deficit
   (C) Revenue Deficit
   (D) None of the above

2. Rolling back of the state from the lives and activities of the people is known as :
   (A) Liberalisation
   (B) Globalisation
   (C) Privatisation
   (D) None of the above

3. The Headquarters of IRDA is in :
   (A) New Delhi (B) Bangalore
   (C) Hyderabad (D) Mumbai

4. Indian Rupee is hundred percent convertible under :
   (A) Capital Account
   (B) Current Account
   (C) Both Capital and Current accounts
   (D) None of the above

5. CCI stands for :
   (A) Consumer Court of India
   (B) Companies Commission of India
   (C) Competition Commission of India
   (D) None of the above

6. When the fixed costs upto a production capacity of 10,000 units is Rs. 50,000, the variable cost per unit is Rs. 10, then the total cost per unit at production level of 5,000 units is :
   (A) Rs. 20 (B) Rs. 15
   (C) Rs. 10 (D) Rs. 25

7. Art of recording business transactions in a regular and systematic manner is known as :
   (A) Book Keeping
   (B) Double Entry System
   (C) Single Entry System
   (D) Mixed System

8. Collection of the data organized according to logical and consistent Accounting Procedures is called as :
   (A) Income Statement
   (B) Balance Sheet
   (C) Profit and Loss Appropriation Statement
   (D) Financial Statement

9. When a share is issued at a price which is above its par value, then it is said that it has been issued at :
   (A) Par (B) Discount
   (C) Premium (D) Face Value

10. Net Assets are calculated by taking the difference between the :
   (A) Book Value of Assets and Liabilities taken over
   (B) Revised Value of Assets and Liabilities taken over
   (C) Face Value of Assets and Liabilities taken over
   (D) Face Value of Assets and Book Value Liabilities taken over



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11. Efficient production requires that :
(A) The isocost function be tangent to the isoquant function
(B) The isocost function be tangent to the production possibilities curve
(C) The isoquant function be tangent to the production possibilities curve
(D) The isocost function must intersect the isoquant function

12. Micro Economics is the study of :
(A) Aggregate National Income
(B) Total Savings, Investment and employment
(C) Total Consumption and demand
(D) Particular individuals, firms or households

13. For Giffen goods the following concept of demand is applicable :
(A) The quantity demanded declines with increase in incomes
(B) The quantity demanded increases with increase in incomes
(C) The quantity demanded declines with decrease in incomes
(D) The quantity demanded remains same irrespective of change in income levels

14. The law of diminishing marginal utility is generally not applicable to :
(A) Consumption of fruits
(B) Consumption of sweets
(C) Consumption of liquor by drunkards
(D) Consumption of milk and bread

15. Price elasticity of demand is said to be 'zero' when :
(A) rise in the price of a commodity causes the quantity demanded to fall to zero
(B) quantity demanded of a good remains the same irrespective of any rise or fall in the prices of a commodity
(C) proportionate fall in the price of a good is accompanied by a relatively larger proportionate increase in the quantity demanded
(D) given proportionate fall or rise in the price of a good causes an equi - proportionate increase or decrease in the quantity demanded

16. The required level for the valid calculation of the Pearson Coefficient of Correlation is :
(A) Nominal (B) Interval
(C) Ordinal (D) Ratio

17. Following sources of Data must be exhausted before attempting to use the other source in collecting the Data :
(A) Primary Data (B) Secondary Data
(C) Literature survey (D) Bibliography

18. By taking a higher level of significance ($\alpha$) following error can be minimized. Identify.
(A) Probable Error (B) Type I Error
(C) Type II Error (D) Standard Error

19. When the size of the sample is less than the number cited, we cannot apply Z test. Identify.
(A) 5 (B) 30
(C) 50 (D) 100

20. In Two tail tests, when the sample size is more than 30, we reject the null hypothesis at $\alpha = 0.01$, when the calculated Z value is more than the critical value of Z given below:
(A) 2.58 (B) 1.96
(C) 2.33 (D) 1.645



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21. **Assertion (A):** Management is a continuous process.
**Reason (R):** All the managers have to be involved in decision making process continuously.

(A) Both the statements are correct
(B) (A) is correct but (R) is wrong
(C) Both the statements are incorrect
(D) (A) is incorrect but (R) is correct

22. The long term perception as to what should be the purpose and place of the organization in the future business scenario is known as :

(A) Mission (B) Vision
(C) Goal (D) Objective

23. One of the most helpful mechanisms for refining a spoken or written communication is called the :

(A) Grapevine
(B) Counselling service
(C) Five C.s
(D) Complaint system

24. According to Herzberg, which of the following is a maintenance factor ?

(A) Salary (B) Work itself
(C) Responsibility (D) Recognition

25. The concept of power refers to :

(A) Defined authority and responsibility
(B) A relative hierarchical position in an organization
(C) The ability to influence the behavior of others
(D) The specialized knowledge possessed by an individual

26. Which of the following terms means the customers' mental process of judging the value of the product ?

(A) Customers' psychological value
(B) Customers' insight
(C) Customers' perceived value
(D) Customers' emotional value

27. _____ is a cluster of complementary products and services which are closely related in the minds of the consumers, but are available normally through many companies or industries.

(A) Global market
(B) Heterogeneous market
(C) Homogeneous market
(D) Meta market

28. Which of the following is resorted to by a company or a government when faced with a very high demand which it cannot meet in the short run ?

(A) Negative marketing
(B) Demarketing
(C) Customer relationship management
(D) Social marketing

29. Who among the following coined the expression 'Marketing Mix' ?

(A) Mc Carthy (B) Philip Kotler
(C) Theodore Levitt (D) James Culliton

30. Who among the following types of customers are very satisfied customers, but who have no real loyalty to the company ?

(A) Loyalists (B) Mercenaries
(C) Hostages (D) Defectors



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31. A firm's current earnings are Rs. 40,000 distributable among 4,000 shares. The market price of each share is Rs. 125. The growth rate of dividends is 8%. Find cost of earning capacity.

(A) 8% (B) 12.5%

(C) 16% (D) 20.5%

32. Find the correct matching of the items of List-I with the items of List-II given below:

| List -I | List - II |
|---|---|
| (i) Cash Flows Before Tax | (a) Profit after Tax + Depreciation |
| (ii) Discounting Technique | (b) The process of finding the future value of a present cash flow or a series of cash flows |
| (iii) Cash Flows after Tax | (c) The process of determining the present value of a future cash flow or a series of cash flows |
| (iv) Compounding Technique | (d) Profit before Depreciation and Tax |

(i) (ii) (iii) (iv)

(A) (d) (c) (a) (b)

(B) (d) (b) (a) (c)

(C) (d) (b) (c) (a)

(D) (a) (b) (c) (d)

33. Sales Rs. 4,00,000; Variable Costs Rs. 1,50,000; Fixed Costs Rs. 1,50,000.Compute Operating Leverage :

(A) 2.5 (B) 1.67

(C) 2.67 (D) 4

34. Which of the following technique is a Discounted Cash Flow technique ?

(A) Payback Period

(B) .Accounting Rate of Return

(C) Average Rate of Return

(D) Internal Rate of Return (IRR)

35. Which of the following shows the ability of the customers to pay the bill ?

(A) Character (B) Capacity

(C) Collection Policy (D) Credit Period

36. Which of the following is NOT normally a sign of poor morale amongst a workforce ?

(A) High levels of absenteeism

(B) High levels of turnover

(C) Increased levels of personal productivity

(D) A poor external image and difficulties attracting good recruits

37. Match the following: Stages in PCMM :

(A) Level 1 (i) Inconsistent Management

(B) Level 2 (ii) Work Unit Management

(C) Level 3 (iii) Change Management

(D) Level 4 (iv) Capability Management

(E) Level 5 (v) Business Line Management

(A) A(i) B(ii) C(iii) D(iv) E(v)

(B) A(i) B(ii) C (v) D(iv) E (iii)

(C) A (ii) B (iii) C(iv) D (v) E (i)

(D) A(v) B (iv) C(i) D (iii) E (ii)

38. BARS stand for :

(A) Behaviourally Anchored Rating Scale

(B) Behaviourally Aligned Rating Scale

(C) Behaviorually Assessed Rating Scale

(D) Broadly Aligned Rating Scale



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39. The formal process for determining the relative worth of jobs is known as :
(A) Job Evaluation (B) Job Process
(C) Job Analysis (D) Job Planning

40. The process of creating a desirable image in the minds of the potential employees is called :
(A) Employer Branding
(B) Employee Branding
(C) Personal Branding
(D) Referrals

41. Guarantees, Forward Contracts, Letters of Credit etc, come under :
(A) Foreign exchange items of a bank
(B) Assets of a bank
(C) Liabilities of a bank
(D) Off-balance sheet items of a bank

42. Expand LAF :
(A) Liquidity Adjustment Facility
(B) Long-term Arrangement Facility
(C) Loan Arrangement Facility
(D) Liability Assessment Firm

43. Which of the following services come under the 'Agency services of a commercial bank' ?
(A) Lock Box & Night Safe services
(B) Issuing Traveller's Cheques
(C) Issuing Letters of Credit
(D) Acting as trustee and executor

44. In which of the years was RBI nationalized ?
(A) 1934 (B) 1935
(C) 1949 (D) 1955

45. Identify the incorrect statement from the following :
(A) RBI has given in principle approval for setting up Local Area Banks (LABs) in private sector
(B) E-banking is contributing to the increased cost of banks due to its maintenance expenses
(C) Open market operation is a tool of RBI for credit control
(D) MICR technology is used for cheque clearances

46. The World Trade Organization (WTO) was established on :
(A) 15th June, 2000
(B) 1st January, 1995
(C) 1st April, 1947
(D) 15th December, 1990

47. Balance of Trade means :
(A) Closing stock in the balance sheet
(B) Difference between the value of imports and exports of a country
(C) A balance between small and big traders
(D) Balance between rich and poor nations

48. Which of the following countries does NOT come under EFTA ?
(A) Slovakia (B) Austria
(C) Portugal (D) Sweden

49. When was Euro launched for the first time ?
(A) 1995 (B) 1996
(C) 1997 (D) 1999

50. Euro was fully launched in the year _____.
(A) 2000 (B) 2001
(C) 2002 (D) 2003



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