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SET 2016

PAPER – III

COMMERCE

Signature of the Invigilator

Question Booklet No. 091213

1.

OMR Sheet No.. .....

Subject Code 09 **ROLL No.**

Time Allowed : 150 Minutes **Max. Marks : 150**

No. of pages in this Booklet : **12** No. of Questions : **75**

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 seventy five (75) 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.**

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PAPER-III
COMMERCE

1. Structural reforms include :
   (A) Removing restrictions on private sector
   (B) Containing inflation
   (C) Managing balance of payments
   (D) All the above

2. Trade and Capital flow reforms are part of :
   (A) Liberalization
   (B) Macroeconomic stabilization
   (C) Globalisation
   (D) None of the above

3. Micro environment is part of :
   (A) Internal environment
   (B) External environment
   (C) Not part of environment
   (D) Controllable environment

4. If one public enterprise buys the shares of another public enterprise, it is known as :
   (A) Strategic sale (B) Trade sale
   (C) Asset sale (D) Cross sale

5. Which one is not the element of Macro environment ?
   (A) Exports and imports
   (B) National income
   (C) Interest rates
   (D) Mission & objectives

6. Which of the following is not related to Socialism ?
   (A) Public Distribution
   (B) Public sector
   (C) Threat of nationalization
   (D) Delicensing

7. As per the Indian Constitution, India is a :
   (A) Socialist State
   (B) Mixed Economy
   (C) Market Economy
   (D) Capitalist Economy

8. Fiscal deficit is measured as a percentage of :
   (A) National Income
   (B) Gross National Product
   (C) Gross Domestic Product
   (D) Net National Product

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

List - I	List - II
(i) Transferor Company	(a) Purchase Consideration is calculated by adding all the payments which are in the form of shares, securities, cash etc.
(ii) Transferee Company	(b) A situation where the Transferee Company agrees to pay a fixed sum to the Transferor Company
(iii) Lump Sum Method of Purchase Consideration	(c) A Company which is amalgamated into another Company
(iv) Net Payments Method	(d) A Company into which another Company is amalgamated

Code :

	(i)	(ii)	(iii)	(iv)
(A)	(c)	(d)	(b)	(a)
(B)	(b)	(d)	(a)	(c)
(C)	(d)	(b)	(c)	(a)
(D)	(a)	(b)	(c)	(d)

10.

11.

12

1

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10. When a new Company is formed with the same name in order to carry on the business of the existing Company, it is a case of :
(A) Internal Reconstruction
(B) External Reconstruction
(C) Amalgamation
(D) Merger

11. Maximum limits of expenditure above which, the actual expenditure should not normally exceed are set up in case of :
(A) Marginal Costing
(B) Standards
(C) Standard Costing
(D) Budgetary Control

12. Revenues and Expenses are recognized as they are earned or incurred, without regard to the date of receipt or payment is :
(A) Matching Concept
(B) Accrual Concept
(C) Cost Concept
(D) Going Concern Concept

13. A and B are partners sharing profits in the ratio of 3:2. C is admitted as a partner with a share of 1/5. Calculate the new profit sharing ratio :
(A) 5:8:12 (B) 8:5:12
(C) 12:8:5 (D) 1:1:1

14. X was holding 20 shares of Rs. 10 each on which he paid Rs. 2 on application but could not pay Rs. 3 on allotment and Re. 1 on first call. Directors forfeited the shares. What will be the amount debited to the Share Capital Account ?
(A) Rs. 200 (B) Rs. 80
(C) Rs. 120 (D) Rs. 40

15. If a company merchandise Inventory is Rs. 1,20,000; total Current Liabilities are Rs. 80,000; Acid Test Ratio is 2:1, what is Current Ratio ?
(A) 3.5 times (B) 2 times
(C) 0.5 times (D) 3 times

16. In the case of luxuries, the income elasticity of demand is :
(A) <1 (B) Equal to 1
(C) >1 (D) None

17. The relationship between output change and proportionate change in both inputs is referred to as :
(A) Returns to a factor (B) Returns to scale
(C) Substitutability (D) None

18. This law states that when increasing amounts of the variable input are combined with fixed level of another input, a point will be reached where the marginal product of the variable input will decline :
(A) Law of production
(B) Law of returns to scale
(C) Law of diminishing marginal returns
(D) None

19. Additional units of labour should be hired until the value of marginal revenue product of labour is equal to :
(A) Rate of interest (B) Price of output
(C) Marginal revenue (D) Wage rate

20. The slope of isoquant referred to as :
(A) Marginal rate of Technical Substitution
(B) Marginal Revenue of Technical Substitution
(C) Marginal Resource of Technical Substitution
(D) None of the above

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21. The shape of Isoquant is usually :
(A) Convex (B) Concave
(C) Curvilinear (D) None

22. If at least one input is fixed, the firm :
(A) is operating in the long-run
(B) is operating in the short-run
(C) cannot operate
(D) will not be able to break-even

23. One of the following is not a property of the Regression Coefficient. Identify.
(A) Both the regression Coefficients will have the same sign i.e., either positive or negative sign
(B) The geometric mean of the regression coefficients is the coefficient of correlation
(C) The Coefficient of correlation will have the same sign as that of regression coefficients
(D) Regression coefficients are not only dependent of change of origin but also of scale

24. One of the following is not a Method of Collecting Primary Data. Identify.
(A) Direct Personal Investigation
(B) Mailed Questionnaires and Schedules
(C) Browsing Internet for Annual Reports of Listed Companies
(D) Observation Method

25. One of the following is not a Random Method of Sampling. Identify.
(A) Stratified Random Sampling
(B) Purposive Sampling
(C) Unrestrictive Sampling
(D) Systematic Sampling

26. Match the following :

(i) Statistical Package for Social Sciences (SPSS)	(a) Standard Error
(ii) Standard Deviation of the Sampling Distribution	(b) Z test
(iii) Coefficient of Determination	(c) Data Processing
(iv) Testing the difference between 2 variables	(d) Explained Variance

Code:

	(i)	(ii)	(iii)	(iv)
(A)	(c)	(a)	(d)	(b)
(B)	(a)	(c)	(b)	(d)
(C)	(d)	(a)	(b)	(c)
(D)	(d)	(b)	(a)	(c)

27. In a left tail test, when the sample size is more than 30, we reject the null hypothesis at $\alpha = 0.05$, when the calculated Z value is less than the critical value of Z given below:
(A) – 2.33 (B) – 1.96
(C) + 1.645 (D) – 1.645

28. One of the following statements is untrue. Identify.
(A) Both the regression lines will pass through their respective mean values
(B) Arithmetic mean of two regression coefficients is equal to Correlation Coefficient
(C) Both the regression coefficients will have the same sign i.e., either positive or negative
(D) The values of both the regression coefficients must not be greater than 1. If one is greater than 1 then the value of other will be less than 1

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29. The lowest rung of the management ladder belongs to :

(A) First-line managers (B) Middle managers
(C) Staff (D) Work-Assistants

30. The situation where the decision maker is aware of the relative probabilities of occurrence associated with each alternative is known as :

(A) Uncertainty (B) Risk
(C) Certainty (D) Constant

31. Which management concept suggests that low-importance decisions be handled by subordinates, so that managers can focus on high-importance decisions ?

(A) Management by exception
(B) Exclusionary management
(C) Inclusionary management
(D) Management by objective

32. Theory X and Theory Y was associated with :

(A) Sumantra Ghoshal
(B) Krishna Palepu
(C) Douglas McGregor
(D) M. Athreya

33. The principle which states that authority and responsibility must coincide is known as :

(A) Parity (B) Equality
(C) Division of labour (D) Command

34. The systems which are characterized by less formal job descriptions and more emphasis on adaptability are known as:

(A) Mechanistic (B) Organic
(C) Military (D) Bureaucratic

35. One of the following is not an interpersonal factor that influences the Buyer. Identify.

(A) Family (B) Peer group
(C) Celebrity (D) Perception

36. Marketer of Cosmetics Company seeks your advice in choosing the distribution channels. Which one is suitable ?

(A) Extensive Distribution
(B) Intensive Distribution
(C) Exclusive Distribution
(D) Multiple Channel Distribution

37. One of the following is not the approach to decide the Advertisement Budget :

(A) Comparative Parity Theory
(B) The Objective and Task Approach
(C) Sales Effect
(D) Subjective approach

38. One of the following is not an organization involved in On-line marketing. Identify.

(A) Amazon.com (B) Flipcart.com
(C) Snap-deal.com (D) D-Mart

39. When the market situation is negative, we adopt the following Marketing Task. Identify.

(A) Conversional Marketing
(B) Developmental Marketing
(C) Creative Marketing
(D) Remarketing

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40. One of the following is not an uncontrollable factor that influences an organization and its marketers. Identify.

(A) Technological Changes

(B) Cultural Changes

(C) Changes in Economy

(D) Changes in Mind

41. Systematically Collecting, Tabulating and Analyzing data about specific marketing issues is known as :

(A) Marketing Information System

(B) Marketing Research

(C) Sales Research

(D) Market Research

42. When the board of directors wishes to return the capital originally contributed by shareholders as a dividend, it is called _____.

(A) Cash dividend

(B) Scrip dividend

(C) Interim dividend

(D) Liquidating dividend

43. If profitability index is 1, then NPV would be :

(A) Also one (B) Greater than one

(C) Less than one (D) Zero

44. The formula for after tax cost of redeemable debt is :

(A) $K_{da} = K_{db} (1 + t)$

(B) $K_{da} = K_{db} (1 - t)$

(C) $K_{da} = K_{db} (1 + t \times 0.5)$

(D) $K_{da} = K_{db} (1 - t \times 0.5)$

45. Identify the correct formula for cost of equity capital :

(A) $K_e = \frac{D_1}{NP} + G$

(B) $K_e = \frac{D_1}{NP} - G$

(C) $K_e = \frac{P_0}{NP} + G$

(D) $K_e = \frac{P_1}{NP} - G$

46. Which of the following is a technique for evaluating the long-term investment decision ?

(A) Working capital management

(B) Capital budgeting

(C) Capital rationing

(D) Capital structuring

47. Which of the following is the opportunity cost of dividends foregone by the shareholders ?

(A) Cost of equity share capital

(B) Cost of debt

(C) Cost of preferred stock

(D) Cost of retained earnings

48. Which of the following is largely about the life histories of segments of population and the individual people who constitute these segments ?

(A) Population studies (B) Group studies

(C) Race studies (D) Cohort studies

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49. Which of the following is the process of improving, moulding and changing the skills, knowledge, creative ability, values and commitment of human resources based on present and future job and organisational requirements ?

(A) Human Resource Development (HRD)
(B) Human Resource Planning
(C) Organisational development
(D) Management development

50. Which of the following is a NOT a social security measure ?

(A) Dependant benefits
(B) Workmen's Compensation in case of accident
(C) Housing facilities
(D) Sickness benefits

51. Which of the following term mean vertical and horizontal movement of an employee within an organization through transfer, promotion and demotion ?

(A) External mobility (B) Internal mobility
(C) Job rotation (D) Job enlargement

52. Which of the following prescribes the standard of personnel and designates the qualities required for acceptable performance ?

(A) Job evaluation (B) Job description
(C) Job design (D) Job specification

53. Which of the following constitute guides to action to managers in their dealing with employees ?

(A) HR policies (B) HR procedures
(C) HR Programmes (D) HR manuals

54. Which of the following overdue norm has been adopted for identification ofNPAs by commercial banks since 2004 ?

(A) 180 days overdue norm
(B) 90 days overdue norm
(C) 250 days overdue norm
(D) 100 days overdue norm

55. Expand 'RWA' with regard to capital adequacy :

(A) Risk-Weighted Assets
(B) Risk-free Weighted Assets
(C) Risk Withdrawal Adjustment
(D) Risk Withdrawal Arrangement

56. Identify the financial instruments for raising funds abroad :

(A) ADRs and GDRs
(B) FIIs and FDIs
(C) Equities and Bonds
(D) Options and Futures

57. Which of the following defines the relationship between total risk and expected return for portfolios consisting of the risk free asset and the market portfolio ?

(A) Capital market line
(B) Security market line
(C) Market line index
(D) Standard index line

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58. If the required rate of return is higher than the interest payable on bond, then the value of bond shall be :

(A) greater than its face value or paid-up value

(B) lower than its face value or paid-up value

(C) equal to its face value or paid-up value

(D) equal to or greater than its face value or paid-up value

59. Which of the following bonds do not carry interest ?

(A) Euro bonds (B) Yankee bonds

(C) Deep discount bonds (D) Junk bonds

60. Which of the following represents unsecured promissory notes issued by firms to raise short-term funds ?

(A) Factoring

(B) Trade credit

(C) Public deposits

(D) Commercial paper

61. Which of the following is NOT a rating agency?

(A) Fitch (B) Moody's

(C) CARE (D) NYSE

62. Which of the following funds are concerned with providing capital, technological assistance and managerial assistance for start-ups ?

(A) Entrepreneurial funds

(B) Venture capital funds

(C) Seed funds

(D) Development funds

63. Which of the following combination of financial securities provide the advantage of diversification from investor point of view ?

(A) Mutual funds, Equities and Bank deposits

(B) Equities, Bonds and Commercial Paper

(C) Mutual funds, Certificate of Deposit and Commercial paper

(D) Insurance policies, Gold exchange traded funds and Post office deposits

64. Which of the following is an instrument issued by a bank wherein the bank promises the exporter to pay upon receiving the proof that the exporter completed all the necessary formalities specified in the document ?

(A) Bill of lading

(B) Dock receipt

(C) Letter of Credit

(D) Exporter's Guarantee Certificate

65. In which of the following modes of international business, companies outsource their part or entire production and concentrate on marketing operations ?

(A) Business process outsourcing

(B) Management contract

(C) Green field strategy

(D) Contract manufacturing

66. In which year was EXIM bank started ?

(A) 1980 (B) 1985

(C) 1982 (D) 1990

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67. In which of the following organizational structure of MNCs, an employee is answerable to both functional and project managers ?

(A) Matrix organizational structure
(B) Product organizational structure
(C) Team organizational structure
(D) Geographical organizational structure

68. _____ refers to the size of internationally used money available in the international economy.

(A) International convertibility
(B) International money
(C) International liquidity
(D) International profitability

69. Under which of the following funding facilities of IMF, member country can avail finance when they experience exception BoP problems on account of large short-term financing vis-a-vis sudden loss of market confidence ?

(A) Extended fund facility
(B) Reserve Tranche drawings
(C) Exogenous shocks facility
(D) Supplemental reserve facility

70. Which of the following is NOT an exception to basic condition (2) in determining residential status ?

(A) Indian citizen who leaves India during the previous year for the purpose of employment
(B) Indian citizen who leaves India during the previous year as a member of crew of an Indian ship
(C) Indian citizen who leaves India on an educational trip to USA
(D) Indian citizen or person of Indian origin who comes on a visit to India during the previous year

71. Which of the following is NOT one of the conditions to determine residential status ?

(A) He is in India in the previous year for a period of 182 days or more
(B) He is in India for a period of 60 days or more during the previous year and 365 days or more during 4 years immediately preceding the previous year
(C) He has been in India for a period of 730 days or more during 7 years immediately preceding the relevant previous year
(D) He has been resident in India in at least 3 out of 10 previous years immediately preceding the relevant previous year

72. An individual who satisfies at least one of the basic conditions but does not satisfy the two additional conditions is treated as :

(A) Resident of India
(B) Resident and ordinarily resident in India
(C) Resident but not ordinarily resident
(D) Non-resident

73. Which of the following conditions have to be fulfilled by HUF to be recognized as ordinarily resident in India ?

(A) Karta has been resident in India in at least 2 out of 10 previous years immediately preceding the relevant previous year
(B) Karta has been present in India for a period of 700 days or more during 7 years immediately preceding the previous year
(C) Where control and management is not de facto control
(D) Where control and management was wholly outside India during the relevant previous year

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74. **Statement : (A)** Every other person is resident in India if control and management of his affairs is wholly or partly situated within India during the relevant previous year.

Assertion : (B) Control and management are the deciding factor in determining residential status.

(A) Both (A) and (B) are correct and (B) is not the correct explanation of (A)

(B) Both (A) and (B) are correct and (B) is the correct explanation of (A)

(C) (A) is true and (B) is not true

(D) Both (A) and (B) are false

75. Which of the following is NOT treated as incomes deemed to accrue or arise in India ?

(A) Salary paid by govt. to its employees posted abroad

(B) Dividend paid by an Indian company outside India

(C) Rent received by a landlord in India

(D) Pension paid outside India but for services rendered in India

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