

ALL THE VERY BEST FOR YOUR EXAMS

SAMPLE QUESTIONS FOR CAIIB ADVANCED BANK MANAGEMENT

Though we had taken enough care to go through the questions, we shall not be responsible for any loss or damage, resulting from any action taken on the basis of the contents. We advise everyone to update yourself with the latest information through RBI website and other authenticated sources. In case you find any incorrect/doubtful information, kindly update us also (along with the source link/reference for the correct information) as lot of questions were shared by many people.

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CAIIB – GENERAL INFORMATION

Consists of 3 papers :

I. Compulsory Paper

1. Advanced BankManagement
2. Bank FinancialManagement

II. Elective Papers (Candidates to choose any one of their Choice)

1. Corporate Banking
2. Rural Banking
3. International Banking
4. Retail Banking
5. Co-operative Banking
6. Financial advising
7. Human ResourcesManagement
8. Information Technology
9. RiskManagement
10. Central Banking
11. TreasuryManagement

- Only existing employees of banks and cleared JAIIB can appear for CAIIB Exam.
- CAIIB exams are conducted in on-line mode only.
- The examination will be conducted normally twice a year in May / June and November / December on Sundays.
- The duration of the examination will be of 2 hours.
- **Examination Pattern** : (i) Question Paper will contain 100 objective type multiple choice questions for 100 marks including questions based on case studies. The Institute may however vary the number of questions to be asked for a subject. Generally 60-65% theory based and 35-40% case study / problem solving/Analytical /Logical exposition. There is no negative marking for wrong answers.
- **Passing Criteria** - Minimum 150 in total and minimum 45 in each subject in any single attempt (not required to be the 1st attempt) is considered as pass. Else 50 in each subject. Passed subject gets carried forward to 4 continuous attempts (whether you appear for the exam or not) from the 1st attempt. If not passed in 4 continuous attempts, you need to appear in all 3 papers.
 - ❖ **First Class** : 60% or more marks in aggregate and pass in all the subjects in the FIRST PHYSICAL ATTEMPT.
 - ❖ **First Class with Distinction** : 70% or more marks in aggregate and 60% or more marks in each subject in the FIRST PHYSICAL ATTEMPT.
 - ❖ Candidates who have been granted exemption in the subject/s will be given "Pass Class" only.

➤ **Cut-off Date of Guidelines /Important Developments for Examinations** - The Institute has a practice of asking some questions in each exam about the recent developments/ guidelines issued by the regulator(s) in order to test if the candidates keep themselves abreast of the current developments. But, there could be changes in the developments / guidelines from the date the question papers are prepared and the dates of the actual examinations. In order to address these issues effectively, it has been decided that:

- ❖ In respect of the exams to be conducted by the Institute for the Period from February 2019 to July 2019, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 31st December, 2018 will only be considered for the purpose of inclusion in the question papers.
- ❖ In respect of the exams to be conducted by the Institute for the period from August 2019 to January 2020, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th June, 2019 will only be considered for the purpose of inclusion in the question papers.

➤ **Exam Fees**

JAIIB

- First attempt fee - 2,400*
- Second attempt fee - 1,000*
- Third attempt fee - 1,000*
- Fourth attempt fee - 1,000*

DBF

- First attempt fee - 3,200*
- Second attempt fee - 1,000*
- Third attempt fee - 1,000*
- Fourth attempt fee - 1,000*

CAIIB

- First attempt fee - 2,700*
- Second attempt fee - 1,000*
- Third attempt fee - 1,000*
- Fourth attempt fee - 1,000*

* Plus convenience charges and Taxes as applicable

SYLLABUS

The details of the prescribed syllabus which is indicative are furnished below. However, keeping in view the professional nature of examinations, all matters falling within the realm of the subject concerned will have to be studied by the candidate as questions can be asked on all relevant matters under the subject. Candidates should particularly prepare themselves for answering questions that may be asked on the latest developments taking place under the various subject/s although those topics may not have been specifically included in the syllabus. Any alterations made will be notified from time to time. Further, questions based on current developments in banking and finance may be asked.

Candidates are advised to refer to financial news papers / periodicals more particularly "IIBF VISION" and "BANK QUEST" published by IIBF.

MODULE - A: Economic Analysis

The fundamentals of Economics : Scarcity and Efficiency - Microeconomics & Macroeconomics in brief - Types of economies - Market, Command and Mixed Economies - Macroeconomics : Business cycles - Money and banking - Unemployment & inflation - Interest rate determination and various types of interest rates.

Indian Economy (a) Overview of the Indian economy including recent reforms (b) Interaction between fiscal, monetary & exchange rate policies in India - Financial Markets (i) Money Market Capital Market (iii) Foreign Exchange Market - globalisation and its impact - Challenges ahead - Banking & Finance - current issues

MODULE - B : Business Mathematics

Concept of time Value of Money - Net Present Value - Discounted Cash Flow - Sampling methods - presentation of data - analysis and interpretation of sample data - hypothesis testing - Time series analysis - mean / standard deviation - co-relation - Regression - covariance and volatility - Probability distribution - Confidence interval analysis - estimating parameters of distribution - Bond valuation - duration - modified duration.

Linear programming - decision making-simulation - Statistical analysis using spreadsheets. Features of Spread sheet - Macros, pivot table, statistical and mathematical formulae.

MODULE - C : HRM in banks

Fundamentals of HRM, development of HRM in India, Relationship between HRM and HRD, Structure and functions of HRD, Role of HR professional, Human implications of organizations; training and development, attitude and soft skills development, role and impact of training, career path planning and counseling, employee behaviour, theories of motivation and their practical implications, role concepts and analysis, self development., Performance Management and appraisal systems; Reward / punishment and compensation systems., HRM and Information Technology, information and data management, knowledge management.

MODULE - D : Credit Management

Principles of Credit Management Credit Appraisal Analyzing Financial Performance - Relationship between items in Balance Sheet and Profit and Loss Account. Trend Analysis, Comparative Statement - Common size Statement, Preparation of projected Financial Statements. - Ratio analysis - Interpretation and analysis of different Ratios, Limitation of the use of ratios. Statement of Sources and Applications of Funds.

Structuring a Credit Proposal - Working Capital Concept and Management Appraisal techniques for different constituents - trade cycle - credit rating - Technical and economic feasibility studies - Credit Rating - Rating Methodology - Objectives and benefits of rating - Term Lending - Debt Service Coverage Ratio - Cash Flow Analysis - Cash Budget - Bill Finance - Deferred Payment Guarantee - Credit Scoring - Credit Delivery System - Documentation - Post sanction supervision, Control and monitoring of credit - Consortium finance, Multiple banking, Syndication of loans. Infrastructure financing.

Dealing with credit defaults, Stressed assets, Corporate Debt restructuring, SARFAESI, NPAs, recovery options, write-off. Disclosure of the list of defaulters: objectives and procedure. Appraisal methodology for different type of clients / products.

Advanced Bank Management

If 6 out of 40 students plan to go to graduate school, calculate

1. Estimated proportion of all students who plan to go to graduate school

- a. 0.10
- b. 0.15
- c. 0.20
- d. 0.25

2. The standard error of this estimate

- a. 0.0385
- b. 1.0645
- c. 0.0565
- d. 1.0396

3. Binominal standard deviation of Population

- a. 1.76
- b. 2.26
- c. 5.77
- d. 7.87

4. 90% confidence interval level

- a. 0.4326, 0.2340
- b. 0.2429, 0.0571
- c. 0.3489, 0.1576
- d. 0.2607, 0.0393

5. 95% confidence interval level

- a. 0.4326, 0.2340
- b. 0.2429, 0.0571
- c. 0.3489, 0.1576
- d. 0.2607, 0.0393

Ans - 1-b, 2-c, 3-b, 4-b, 5-d

Solution :

1. $P = 6/40 = 0.15$

2. Estimated standard error = $\sqrt{P(1-P)/n}$

$$P = 0.15$$

$$1-P = 1 - 0.15 = 0.85$$

$$n = 40$$

$$\text{So, } \sqrt{P(1-P)/n} = \sqrt{0.15 \times 0.85 / 40}$$

$$= \sqrt{0.1275 / 40}$$

$$= \sqrt{0.00319}$$

$$\sigma_x = 0.0565$$

3. Binominal standard deviation = $\sqrt{n \cdot p \cdot q}$

$$= \sqrt{40 \cdot 0.15 \cdot 0.85}$$

$$= \sqrt{5.1}$$

$$= 2.26$$

4. Level of Confidence and their Multiplier Number (z^*) (Commonly used)

$$99\% - 2.58$$

$$95\% - 1.96$$

$$90\% - 1.645$$

90% confidence interval = $P \pm (1.645 (\sigma_x))$

$$= 0.15 + (1.645 \times 0.0565)$$

$$= 0.15 + 0.0929$$

$$= 0.2429$$

and

$$= 0.15 - (1.645 \times 0.0565)$$

$$= 0.15 - 0.0929$$

$$= 0.0571$$

4. 95% confidence interval = $P \pm (1.96 (\sigma_x))$

$$= 0.15 + (1.96 \times 0.0565)$$

$$= 0.15 + 0.1107$$

$$= 0.2607$$

and

$$= 0.15 - (1.96 \times 0.0565)$$

$$= 0.15 - 0.1107$$

$$= 0.0393$$

Budgeted sales (Rs. 10 per unit) Rs. 2,60,000 p.a.

Analysis of Costs (in Rs)

Raw Materials - 3.00

Direct Labour - 4.00

Overheads - 2.00

Total Cost - 9.00

Profit - 1.00

Sales - 10.00

It is estimated that

- (i) Raw materials are carried in stock for three weeks and finished goods for two weeks.
- (ii) Factory processing will take three weeks.
- (iii) Suppliers will give full five weeks credit.
- (iv) Customers will require eight weeks credit.

It may be assumed that production and overheads accrue evenly throughout the year.

From the above information, calculate

1. Number of Units

- a. 2600
- b. 26000
- c. 52000
- d. 260000

Ans - b

2. Value of finished goods

- a. 52000
- b. 78000
- c. 104000
- d. 234000

Ans - d

3. Value of Work in Progress

- a. 4500
-

- b. 9000
- c. 12000
- d. 13500

Ans - b

.....

4. Current Assets

- a. 40000
- b. 55000
- c. 62500
- d. 68500

Ans - c

.....

5. Current Liabilities

- a. 4500
- b. 6000
- c. 7500
- d. 9000

Ans - c

.....

6. Working Capital

- a. 40000
- b. 55000
- c. 62500
- d. 68500

Ans - b

.....

Solution :

1. b
= 2,60,000 / 10
= 26000

2. d

Finished Goods = Raw Materials + Direct Labour + Overheads

Raw Materials = 26,000 x 3 = 78,000

Direct Labour = 26,000 x 4 = 1,04,000

Overheads = 26,000 x 2 = 52,000

Finished Goods = 78000 + 104000 + 52000
= 2,34,000

3. b

Factory processing will take three weeks. So, Work in Progress = Value of finished goods * 3 / 52. Normally finished goods and work in progress are taken as same value. Suppose wages and overheads accrue evenly throughout the year given in the problem, we have to find out the work in progress value separately. At that time of computing work in progress labour, overhead value is reduced to half.

Raw Material 78,000 x 3/52 = 4,500

Labour (1,04,000 x 3/52) x 1/2 = 3,000

Overhead (52,000 x 3/52) x 1/2 = 1,500

Work in Progress = 4500 + 3000 + 1500
= 9,000

4. c

Raw Materials = 78,000 x 3/52 = 4,500

Work in Progress = 9,000

Finished Goods = 2,34,000 x 2/52 = 9,000

Debtors = 2,60,000 x 8/52 = 40,000

Current Assets = Raw Materials + Work in Progress + Finished Goods + Debtors
= 4500 + 9000 + 9000 + 40000
= 62500

5. c

Current Liabilities = Trade Creditors

= Trade Creditors (5 weeks) 5/52 x 78,000

= 7,500

6.

Working capital = current assets – current liabilities

Working Capital = 62500 - 7500

= 55,000

Consider the following data:

1. Revenue deficit (RD) = 3% of GDP
2. Grants for capital formation = 1.8% of GDP
3. Primary deficit (PD) = 1.2%
4. Non-plan expenditure = 1.5%

In the above scenario, effective revenue deficit (ERD) will be:

- a. 1.2%
- b. 1.5%
- c. 1.8%
- d. 2.0%

Ans - a

Solution

$$\begin{aligned} \text{ERD} &= \text{RD} - \text{Grants for capital formation} \\ &= 3\% - 1.8\% \\ &= 1.2\% \end{aligned}$$

Which ONE of the following classifications contains divisions with the labels A, B, C1, C2, D and E?

- a. Social class
- b. Socio-economic groupings
- c. Socio-economic classes
- d. Social grade

Ans - d

The amount of an ordinary annuity of Rs. 800 payable at the end of each 3 months for 3 years, if the money is worth 8% compounded quarterly is: Given $(1.02)^{12} = 1.2682$.

- a. 8640
- b. 8460
- c. 10279
- d. 10729

Ans - d

If the difference between Compound Interest and Simple Interest on a certain sum of money for 3 years at 10% p.a. is Rs. 248, find the sum

- a. 6000
- b. 7000
- c. 8000
- d. 9000

Ans - c

X and Y recently bought a house. They financed the house with a Rs. 1,25,000, 30-year mortgage with a nominal interest rate of 7 percent. Mortgage payments are made at the end of each month. What total amount of their mortgage payments during the first three years will go towards repayment of principal?

- a. 4,091
- b. 4,109
- c. 4,190
- d. 4,901

Ans - a

Solution:

First, determine the monthly payment.

$n = 360$ (30 years times 12 payments per year)

$i = 0.5833$ (7% annually divided by 12 payment per year)

$PV = 125000$

Make sure you are in end mode.

Solve for PMT (answer = Rs. 831.6281)

Second, solve for the outstanding principal after three years.

$n = 324$ (360 total payments minus 36 payments made)

$i = 0.5833$ (7% annually divided by 12 payment per year)

$PMT = 831.6281$

Make sure you are in end mode

Solve for PV (answer = Rs. 1,20,908.70)

Principal repaid = starting balance minus current balance

Principal repaid = Rs. 1,25,000 - Rs. 1,20,908.70 = Rs. 4,091

Interest paid = total of payments made – principal repaid

Interest paid = $(36)(Rs. 831.6281) - Rs. 4,091 = Rs. 29,938 - Rs. 4,091 = Rs. 25,847$

From the following information of budget (Rs. Cr)

Revenue Expenditure-70000
Borrowing-15000
Revenue Receipt-50000
Interest payment- 25% of Revenue deficit

01. Calculate Fiscal Deficit

- a. 15000
- b. 85000
- c. 65000
- d. 12500

Ans - a

02. Calculate Primary Deficit

- a. 15000
- b. 20000
- c. 10000
- d. 5000

Ans - c

In a statewide poll, 103 out of 500 Tamilians rated themselves as die-hard Cricket fans. Find a 90% confidence interval for the true proportion of Tamilians who were die-hard Cricket fans at that time.

- a. 0.1492, 0.2028
- b. 0.1592, 0.2228
- c. 0.1692, 0.2028
- d. 0.1692, 0.2428

Ans - d

Explanation :

The sample proportion is $p = 103/500 = 0.206$ and the z-score for a 90% confidence interval is $z_r = 1.645$

Thus, the true proportion of Tamilians who were die-hard Cricket fans at the time was

$$p \approx 0.206 \pm (1.645 \times 0.5 / \sqrt{500})$$

$$\approx 0.206 \pm 0.0368$$

$$\text{or } 0.1692 \leq p \leq 0.2428$$

So from about 16.92% to 24.28% of Tamilians were die-hard Cricket fans

Additive model for time series $Y = \dots$

- a. T-S-C-I
- b. T+S+C+I
- c. $TxSxCxI$
- d. None

Ans - b

The excess of private investment over saving of a country in a particular year was Rs. 2000 crores. The amount of budget deficit was (-) Rs. 1500 crores. What was the volume of trade deficit of that country?

- a. 500 crores
- b. 1000 crores
- c. 1500 crores
- d. 3500 crores

Ans - a

Explanation :

Trade deficit is the excess of import expenditure over the export revenue earned by the economy.

$$\text{Trade Deficit} = M - X \text{ or } (I - S) + (G - T)$$

M (Outflow from the country)

I (Investment)

x (Inflow into the country)

S (Saving)

G-T (Budget Deficit)

It is given

$$I - S = 2000 \text{ crores}$$

$$G - T = (-) 1500 \text{ crores}$$

$$\text{Trade Deficit} = 2000 + (-1500) = \text{Rs. } 500 \text{ crores}$$

Total expenditure of a government budget is Rs. 75,000 crore and total receipts is Rs. 45,000 crore. How much is the budget deficit?

- a. 20,000 crore
 - b. 30,000 crore
-

- c. 80,000 crore
- d. 120,000 crore

Ans - b

Explanation :

Budget Deficit = Total expenditure - Total receipts
= Rs. 75,000 crore – Rs. 45,000 crore
= Rs. 30,000 crore

Rearrange the steps in appraisal process

- A. Objectives of performance appraisal
- B. Establish job expectations
- C. Design in appraisal programme
- D. Performance Management
- E. Appraise performance
- F. Performance interview
- G. Archive appraisal data
- H. Use appraisal data for appropriate purposes

- a. DCHGFABE
- b. HGFEDBCA
- c. ABCFGHDE
- d. ABCDEFGH

Ans - d

Handling labor relations and safety laws for companys labour is part of

- a. Line function
- b. Staff function
- c. Co-ordinative function
- d. Top management function

Ans - b

..... interview is a type of interview which is pre planned and is held in a formal atmosphere

- a. Informal
-

- b. Patterned
- c. Formal
- d. Structured

Ans - b

From the following data (Rs.in crore), Calculate Gross National Disposable Income

National income - 2,000
Net factor income from abroad - (-50)
Consumption of fixed capital - 200
Net current transfers from rest of the world - 150
Net indirect taxes - 250

- a. 2,050 crore
- b. 2,350 crore
- c. 2,550 crore
- d. 2,600 crore

Ans - d

Explanation :

Gross National Disposable Income
= National income + Consumption of fixed capital + Net current transfers from rest of the world + Net indirect taxes
= Rs. 2,000 crore + Rs. 200 crore + Rs. 150 crore + Rs. 250 crore
= Rs. 2,600 crore

From the following data (Rs.in crore), Calculate Gross National Disposable Income

Current transfers from government administrated departments - 215
Saving of non-departmental enterprises - 7
Net national product at factor cost - 325
Net factor income from abroad - 12
Net current transfers from rest of the world - 12
Indirect taxes - 35
Subsidies - 10

- a. 122 crore
 - b. 362 crore
 - c. 372 crore
-

d. 382 crore

Ans - b

Explanation :

National Disposable Income = Net national product at factor cost + Net current transfers from rest of the world + Net indirect taxes (Indirect tax – Subsidies)
= Rs. 325 crore + Rs. 12 crore + (Rs. 35 crore – Rs. 10 crore)
= Rs. 325 crore + Rs. 12 crore + Rs. 25 crore
= Rs. 362 crore

In time-series analysis, which source of variation can be estimated by the ratio-to-trend method?

- a. Cyclical
- b. Trend
- c. Seasonal
- d. Irregular

Ans - c

The most commonly used mathematical method for measuring the trend is

- a. Free Hand Curve
- b. Least Squares
- c. Moving Average
- d. Semi Average

Ans - b

Find the effective rate equivalent to the nominal rate of 8% converted quarterly.

- a. 8.00%
- b. 8.14%
- c. 8.24%
- d. 8.50%

Ans - c

If Receipts and Expenditures of the Central Government as per Budget 2018-19 are as given below

1. Revenue Receipts - 1725738
2. Tax Revenue - 1480649
3. Non-Tax Revenue - 245089
4. Capital Receipts - 716475
5. Recovery of Loans - 12199
6. Other Receipts - 80000
7. Borrowings and Other Liabilities - 624276
8. Expenditure On Revenue Account of which - 2141772
9. Interest Payments - 575795
10. Grants in Aid for creation of capital assets - 195345
11. Expenditure On Capital Account - 300441

Find

1. Total Receipts

- a. 2075416
- b. 2146735
- c. 2442213
- d. 2536289

2. Total Expenditure

- a. 2075416
- b. 2146735
- c. 2345425
- d. 2442213

3. Revenue Deficit

- a. 416034
- b. 220689
- c. 624276
- d. 48481

4. Effective Revenue Deficit

- a. 416034
- b. 220689
- c. 624276
- d. 48481

5. Fiscal deficit

- a. 416034
- b. 220689
- c. 624276
- d. 48481

6. Primary Deficit

- a. 416034
- b. 220689
- c. 624276
- d. 48481

Solution :

1. c

$$\begin{aligned}\text{Total Receipts} &= \text{Revenue Receipts} + \text{Capital Receipts} \\ &= 1725738 + 716475 \\ &= 2442213\end{aligned}$$

2. d

$$\begin{aligned}\text{Total Expenditure} &= \text{Revenue Expenditure} + \text{Capital Expenditure} \\ &= 2141772 + 300441 \\ &= 2442213\end{aligned}$$

3. a

$$\begin{aligned}\text{Revenue Deficit} &= \text{Revenue Expenditure} - \text{Revenue Receipts} \\ &= 2141772 - 1725738 \\ &= 416034\end{aligned}$$

4. b

$$\begin{aligned}\text{Effective Revenue Deficit} &= \text{Revenue Deficit} - \text{Grants in Aid for creation of capital assets} \\ &= 416034 - 195345 \\ &= 220689\end{aligned}$$

5. c

$$\begin{aligned}\text{Fiscal deficit} &= \text{Total Expenditure} - \text{Total Receipts net of Borrowings (Revenue Receipts + Recovery of Loans + Other Receipts)} \\ &= 2442213 - (1725738 + 12199 + 80000) \\ &= 624276\end{aligned}$$

6. d

Primary Deficit = Fiscal deficit - Interest payments
= 624276 - 575795
= 48481

In a survey of 150 people in a city, it was found that there were 50 smokers. Calculate the following based on the above data.

1. The estimate of population proportion

- a. 0.3333
- b. 0.5
- c. 0.6666
- d. 1.0

2. Estimated standard error of population

- a. 0.0015
- b. 0.2211
- c. 0.0385
- d. 0.4725

3. Binominal standard deviation of population

- a. 1.76
- b. 2.26
- c. 5.77
- d. 7.87

4. 95% confidence interval level of population proportion

- a. 0.4326, 0.2340
- b. 0.5468, 0.3178
- c. 0.4088, 0.2578
- d. 0.5568, 0.2778

5. 99% confidence interval level of population proportion

- a. 0.4326, 0.2340
 - b. 0.5468, 0.3178
 - c. 0.4088, 0.2578
 - d. 0.5568, 0.2778
-

Ans - 1-a, 2-c, 3-c, 4-c, 5-a

Solution :

1. $P = 50/150 = 0.3333$

2. Estimated standard error = $\sqrt{P(1-P)/n}$

$P = 0.3333$

$1-P = 1 - 0.3333 = 0.6666$

$n = 150$

So, $\sqrt{P(1-P)/n} = \sqrt{0.3333 \times 0.6666 / 150}$

$= \sqrt{0.2222 / 150}$

$= \sqrt{0.00148}$

$\sigma_x = 0.0385$

3. Binominal standard deviation = $\sqrt{n \cdot p \cdot q}$

$= \sqrt{150 \cdot 0.333 \cdot 0.666}$

$= \sqrt{33.27}$

$= 5.77$

4. Level of Confidence and their Multiplier Number (z^*) (Commonly used)

99% - 2.58

95% - 1.96

90% - 1.645

95% confidence interval = $P \pm (1.96 (\sigma_x))$

$= 0.3333 + (1.96 \times 0.0385)$

$= 0.3333 + 0.0755$

$= 0.4088$

and

$= 0.3333 - (1.96 \times 0.0385)$

$= 0.3333 - 0.0755$

$= 0.2578$

5. 99% confidence interval = $P \pm (2.58 (\sigma_x))$

$= 0.3333 + (2.58 \times 0.0385)$

$= 0.3333 + 0.0993$

$= 0.4326$

and

$= 0.3333 - (2.58 \times 0.0385)$

$= 0.3333 - 0.0993$

$= 0.2340$

ABC Ltd completed the transactions listed below. State whether each of the below given transaction would cause the ratio listed opposite it to increase, decrease or remain unchanged.

1. Redeemed debentures by issuing ordinary shares - Rate of return on ordinary shareholders' equity

- a. Increase
- b. Decrease
- c. Remain unchanged
- d. None of the above

Ans - b

.....

2. Purchased inventory on credit - Quick ratio

- a. Increase
- b. Decrease
- c. Remain unchanged
- d. None of the above

Ans - b

.....

3. Sold inventory for cash - Current ratio

- a. Increase
- b. Decrease
- c. Remain unchanged if sales price is equal to cost. Increase if sales price is greater than cost
- d. None of the above

Ans - c

.....

4. Issued additional ordinary shares for cash - Debt ratio

- a. Increase
- b. Decrease
- c. Remain unchanged
- d. None of the above

Ans - b

.....

5. Declared a cash dividend on ordinary shares - Dividend payout

- a. Increase
- b. Decrease
- c. Remain unchanged
- d. None of the above

Ans - a

6. Paid the cash dividend - Dividend yield

- a. Increase
- b. Decrease
- c. Remain unchanged
- d. None of the above

Ans - c

A human resources manager performed an analysis of the number of machine misfunctions and the hours of employee training as part of a workplace safety review. The data on 402 machine operators yielded the following sums of squares. The sum of squares for hours of training is 6,280. The sum of squares for the machine misfunctions is 1,060. The sum of squares for the hours of training times the machine mishaps is -1,940.

1. What is the correlation between Hours of Training and Number of Machine Misfunctions?

- a. 0.752
- b. -0.752
- c. -0.248
- d. -0.638

Ans - b

Solution:

$$\text{Corr}(\text{Hours, Misfunctions}) = -1,940 / (\sqrt{6,280} * \sqrt{1,060}) = -0.751915$$

2. What is the standard deviation of the correlation?

- a. 0.330
 - b. 0.752
-

- c. -0.033
- d. 0.033

Ans - d

Solution:

$$S.D.(r) = \sqrt{[(1 - (-0.7519152)) / (402 - 2)]} = 0.032963$$

3. What is the 95% confidence interval for the population correlation?

- a. [-1.0, -0.687]
- b. [0.687, 0.815]
- c. [0.0, 0.687]
- d. [-0.815, -0.687]

Ans - d

Solution:

$$\rho = -0.751915 \pm 1.96 * 0.032963 \Rightarrow \rho = -0.751915 \pm 0.064607. \rho \in [-0.8154, -0.6873]$$

4. What is the Z-score for the population correlation for a test of $H_0: \rho = 0$?

- a. -4.77
- b. 22.8
- c. -22.8
- d. -2.8

Ans - c

Solution:

$$Z\text{-score} = (-0.751915 - 0) / 0.032963 = -22.811$$

5. What is the decision and conclusion for the test of $H_0: \rho = 0$ in 9) with a 5% level of significance?

- a. Reject H_0 . The hours of employee training and the number of machine misfunctions have an inverse linear relationship
 - b. Reject H_0 . The hours of employee training and the number of machine misfunctions do not have an inverse linear relationship
-

-
- c. Do Not Reject H_0 . The hours of employee training and the number of machine misfunctions have an inverse linear relationship
 - d. Reject H_0 . The hours of employee training and the number of machine misfunctions have a direct linear relationship

Ans - a

Solution:

The critical Z-value for a 5% level of significance is ± 1.96 . The calculated Z-score of -22.8 falls into the rejection region because it is less than -1.96 . The decision is to reject H_0 : $p = 0$. There is sufficient evidence to conclude that the correlation coefficient is significantly different from 0.0 . The hours of employee training and the number of machine misfunctions have an inverse linear relationship

.....

Information type which focuses on accomplishments of employees is classified as

- a. trait based information
- b. behavior based information
- c. results based information
- d. coaching based information

Ans - c

.....

Important elements such as cooperativeness, presence at work, timeline of work, quality and quantity of output are classified as

- a. employee performance variables
- b. employee recruitment variables
- c. employee training variables
- d. employee development variables

Ans - a

.....

Fourth step in process of management by objective is to

- a. guided setting of objective
- b. ongoing performance discussion
- c. review job and agreement
- d. develop performance standards

Ans - b

Type of rewards employees get in form of praise for successfully accomplishing goals or completing project is classified as

- a. primacy rewards
- b. intrinsic rewards
- c. extrinsic rewards
- d. leniency rewards

Ans - b

According to compensation programs, benefits such as retirement pensions and life insurances are classified in category of

- a. direct compensation
- b. primacy compensation
- c. indirect compensation
- d. recency compensation

Ans - c

Types of compensation employees get from organization after timely completion of work includes

- a. intrinsic rewards
- b. extrinsic rewards
- c. strictness reward
- d. both a and b

Ans - d

Performance appraisal measurement error in which prejudices of rater distort results of rating is classified as

- a. rater bias
- b. halo effect
- c. contrast error
- d. sampling error

Ans - a

Liabilities (Rs.)

5000 equity shares Rs. 10 each - 500000
8% 2000 pre shares Rs. 100 each - 200000
9% 4000 Debentures of Rs. 100 each - 400000
Reserves - 300000
Creditors - 150000
Bank overdraft - 50000

Assets (Rs.)

Land & Building - 500000
Plant & Machinery - 600000
Debtors - 200000
Stock - 240000
Cash and Bank - 55000
Prepaid expenses - 5000

From the above particulars pertaining to Assets and Liabilities of a company calculate :

1. Current Ratio

- a. 0.6 : 1
- b. 0.75 : 1
- c. 1.7 : 1
- d. 2.5 : 1

Ans - d

2. Liquidity Ratio

- a. 0.6 : 1
- b. 0.75 : 1
- c. 1.7 : 1
- d. 2.5 : 1

Ans - c

3. Proprietary Ratio

- a. 0.6 : 1
 - b. 0.625 : 1
-

- c. 0.75 : 1
- d. 2.5 : 1

Ans - b

.....

4. Debt-equity Ratio

- a. 0.6 : 1
- b. 0.625 : 1
- c. 0.75 : 1
- d. 2.5 : 1

Ans - a

.....

5. Capital Gearing Ratio

- a. 0.6 : 1
- b. 0.625 : 1
- c. 0.75 : 1
- d. 2.5 : 1

Ans - c

.....

Solution :

1. d

Current Ratio = Current Assets / Current Liabilities

$$\begin{aligned}\text{Current Assets} &= \text{Stock} + \text{Cash} + \text{Prepaid Expenses} + \text{Debtors} \\ &= 2,40,000 + 55,000 + 5,000 + 2,00,000 \\ &= 5,00,000\end{aligned}$$

$$\begin{aligned}\text{Current Liabilities} &= \text{Creditors} + \text{Bank Overdraft} \\ &= 1,50,000 + 50,000 \\ &= 2,00,000\end{aligned}$$

$$\begin{aligned}\text{Current Ratio} &= 5,00,000 / 2,00,000 \\ &= 2.5 : 1\end{aligned}$$

2. c

Liquid Ratio = Liquid Assets / Liquid Liabilities

.....

$$\begin{aligned}\text{Liquid Assets} &= \text{Cash and Bank} + \text{Debtors} \\ &= 55,000 + 2,00,000 \\ &= 2,55,000\end{aligned}$$

$$\text{Liquid Liabilities : Creditors} = 1,50,000$$

$$\begin{aligned}\text{Liquid Ratio} &= 2,55,000 / 1,50,000 \\ &= 1.7 : 1\end{aligned}$$

3. b

$$\text{Proprietor's Ratio} = \text{Proprietor's Fund} / \text{Total Tangible Assets}$$

$$\begin{aligned}\text{Proprietor's Fund} &= \text{Equity Share Capital} + \text{Preference Share Capital} + \text{Reserves and Surplus} \\ &= 5,00,000 + 2,00,000 + 3,00,000 \\ &= 10,00,000\end{aligned}$$

$$\begin{aligned}\text{Proprietary Ratio} &= 10,00,000 / 16,00,000 \\ &= 0.625 : 1\end{aligned}$$

4. a

$$\text{Debt-Equity Ratio} = \text{External Equities} / \text{Internal Equities}$$

$$\begin{aligned}\text{External Equities} &= \text{Long-term Liabilities} + \text{Short-term Liabilities} \\ &= 4,00,000 + 2,00,000 \\ &= 6,00,000\end{aligned}$$

$$\text{Internal Equities} = \text{Proprietor's funds}$$

$$\begin{aligned}\text{Debt-Equity Ratio} &= 6,00,000 / 10,00,000 \\ &= 0.6 : 1\end{aligned}$$

5. c

$$\text{Capital Gearing Ratio} = \text{Fixed Interest Bearing Securities} / (\text{Equity Share Capital} + \text{Reserves})$$

$$\begin{aligned}\text{Fixed Interest Bearing Securities} &= \text{Preference Shares} + \text{Debentures} \\ &= 2,00,000 + 4,00,000 \\ &= 6,00,000\end{aligned}$$

$$\begin{aligned}\text{Capital Gearing Ratio} &= 6,00,000 / 8,00,000 \\ &= 0.75 : 1\end{aligned}$$

People who chosen careers having more structured activities is classified as

- a. realistic orientation
- b. investigative orientation
- c. social orientation
- d. conventional orientation

Ans - d

Forced distribution and ranking are considered as methods of

- a. comparative methods
- b. narrative methods
- c. behavioral methods
- d. category rating methods

Ans - a

The supply of a product does not depend on

- a. labour costs
- b. the number of sellers in the market
- c. consumers tastes
- d. existing technology

Ans - c

Passive factor of production is

- a. only land
- b. only capital
- c. both land and capital
- d. neither land nor capital

Ans - c

Reasons for increasing return in stage I of law of variable proportion is

- a. Indivisibility
 - b. Specialisation
-

- c. both a and b
- d. none of the above

Ans - c

..... Economics views on reducing the production costs

- a. internal
- b. inventory
- c. pecuniary
- d. External

Ans - d

Which of the following are not related with factors of production(FOP)?

- a. land
- b. capital
- c. raw material
- d. labour

Ans - c

..... interview in which candidate is allowed to speaks his mind freely

- a. Non directed
- b. Structured
- c. Formal
- d. Depth

Ans - a

A human relation seeks to emphasis employee aspects of work rather than

- a. Technical aspects
- b. Economic aspects
- c. Technical or economic aspects
- d. workers aspects

Ans – c

Given,

Currency with public - Rs. 345000 Crores
Demand deposit with banking system - Rs. 380000 Crores
Time deposits with banking system - Rs. 425000 Crores
Other deposit with RBI - Rs. 465000 Crores
Savings deposit of post office savings banks - Rs. 160000 Crores
All deposit with post office savings bank excluding NSCs - Rs. 110000 Crores

Calculate M1.

- a. Rs. 1125000 Crores
- b. Rs. 1190000 Crores
- c. Rs. 1350000 Crores
- d. Rs. 1615000 Crores

Ans - b

Calculate M2.

- a. Rs. 1125000 Crores
- b. Rs. 1190000 Crores
- c. Rs. 1350000 Crores
- d. Rs. 1615000 Crores

Ans - c

Calculate broad money M3.

- a. Rs. 1125000 Crores
- b. Rs. 1190000 Crores
- c. Rs. 1350000 Crores
- d. Rs. 1615000 Crores

Ans - d

Solution :

M1 = currency with public + demand deposit with the banking system + other deposits with RBI
M1 = 345000 + 380000 + 465000
M1 = 1190000

M2 = M1 + Savings deposit of post office savings banks

So,

$$M2 = 1190000 + 160000$$

$$M2 = 1350000 \text{ Crores}$$

M3 = M1 + Time deposit with banking system

So,

$$M3 = 1190000 + 425000$$

$$M3 = 1615000 \text{ Crores}$$

Type of central tendency error occur while appraising performance when employee rating falls at higher side of scale is classified as

- a. strictness error
- b. leniency error
- c. halo effect
- d. contrast error

Ans - b

Systematic process which is used to identify, measure, evaluate, encourage and improve employee performance is classified as

- a. coaching management system
- b. training management system
- c. performance management system
- d. development management system

Ans - c

Uses of performance appraisals such as coaching and career planning, identifying strengths and areas for growth are classified as uses of

- a. systematic uses
- b. subjective uses
- c. development uses
- d. administrative uses

Ans - c

A college student chose to estimate a consumption function for a statistics assignment on regression analysis. Total monthly incomes, in thousands of dollars, and total monthly consumption expenditures, in thousands of dollars, were obtained on 100 households. The student chose total income as the independent variable (X) and total expenditure as the dependent variable (Y).

$$\Sigma X = 56.80 \quad \Sigma Y = 54.50 \quad \Sigma X^2 = 2,360.82 \quad \Sigma Y^2 = 1,808.44 \quad \Sigma X*Y = 2,219.15 \quad n = 100$$

$$SSXX = 2,360.82 - 56.80^2/100 = 2,360.50$$

$$SSYY = 1,808.44 - 5.49^2/100 = 1,808.14$$

$$SSXY = 2,219.15 - 5.68*5.49/100 = 2,216.03$$

1. What is the slope of the regression line?

- a. 0.158
- b. -0.939
- c. 1.223
- d. 0.939

Ans - d

Solution:

$$\text{The slope} = 2,216.03 / 2,360.50 = 0.9388$$

2. What is the intercept of the regression line?

- a. 0.526
- b. 0.158
- c. -0.158
- d. 0.939

Ans - b

Solution:

$$\text{The intercept} = 5.49 - 0.9388 * 5.68 = 0.158$$

3. Write the regression line.

- a. $Y = 0.939 + 0.158 * X$
- b. $Y = -0.158 + 0.939 * X$
- c. $Y = 0.158 + 0.939 * X$
- d. $Y = 0.158 + 0.939 * Z$

Ans – c

Solution:

The regression line is: $Y = 0.158 + 0.939 * X$

4. Interpret the slope.

- a. The marginal propensity to save is 0.939
- b. The marginal propensity to consume is 0.939
- c. The marginal propensity to consume is 0.158
- d. The average propensity to consume is 0.939

Ans - b

Solution:

The interpretation of the slope is: The marginal propensity to consume is 0.939

5. Interpret the intercept.

- a. The monthly autonomous consumption is Rs. 158
- b. The monthly autonomous consumption is Rs. 15,800
- c. The monthly autonomous consumption is Rs. 939
- d. The annual autonomous consumption is Rs. 158

Ans - a

Solution:

The interpretation of the intercept is: The monthly autonomous consumption is Rs. 158

First step in process of management by objectives is to

- a. review job and agreement
- b. develop performance standards
- c. guided setting of objective
- d. ongoing performance discussion

Ans - a

An automated end to end process of planning and recruiting employees is called

- a. phased retirement
 - b. pre-retirement counseling
-

- c. talent management
- d. modifying selection procedure

Ans - c

.....

People that are attracted to occupation of biologist is best classified as

- a. realistic orientation
- b. investigative orientation
- c. social orientation
- d. artistic orientation

Ans - b

.....

Period in which people act as mentors, for younger employees is called

- a. exploration stage
- b. growth stage
- c. midcareer crisis sub stage
- d. decline stage

Ans - d

.....

People attracted to occupation involving cognitive activities are classified as

- a. realistic orientation
- b. investigative orientation
- c. social orientation
- d. artistic orientation

Ans - b

.....

'Leisure time counseling' is an example of

- a. phased retirement
- b. preretirement counseling
- c. honoring experience
- d. modifying selection procedure

Ans - b

.....

In career development, providing mentoring opportunities is part of

- a. individual role
- b. manager role
- c. employer role
- d. line manager

Ans - c

An idea of instituting HR policies to support and encourage senior workers is part of

- a. promotions
- b. transfers
- c. reality shock
- d. managing retirements

Ans - d

In career development, discussing your career with your manager is part of

- a. individual role
- b. manager role
- c. employer role
- d. line manager

Ans - a

Breaking down of job into smaller parts covering few operations

- a. Job Enlargement
- b. Job Cycle
- c. Job Empowerment
- d. Job Simplification

Ans - d

Human Resource Planning is Looking function

- a. Forward
 - b. Backward
-

- c. Simple
- d. Cross

Ans - a

.....

Job satisfaction is high when there is

- a. Low morale
- b. High wage
- c. Low wage
- d. High Morale

Ans - d

.....

Balance Sheet

Liabilities (Rs.)

Equity shares of Rs. 10 each - 1,00,000
Reserves - 20,000
P.L. A/c - 30,000
Secured loan - 80,000
Sundry creditors - 50,000
Provision for taxation - 20,000

Assets (Rs.)

Goodwill - 60000
Fixed Assets - 140000
Stock - 30000
Sundry Debtors - 30000
Advances - 10000
Cash Balance - 10000

The sales for the year were Rs. 5,60,000.

Calculate the following ratios from the balance sheet given above :

1. Debt - Equity Ratio

- a. 0.53
 - b. 1
 - c. 1.4
-

d. 4

Ans - a

2. Liquidity Ratio

a. 0.53

b. 1

c. 1.4

d. 4

Ans - b

3. Fixed Assets to Current Assets

a. 0.53

b. 1

c. 1.4

d. 4

Ans - c

4. Fixed Assets Turnover

a. 0.53

b. 1

c. 1.4

d. 4

Ans - d

Solution :

1. a

Debt–Equity Ratio = Long–Term Debt / Shareholders Fund

Long–Term Debt = Secured loan = Rs. 80,000

Shareholder’s Fund = Equity Share Capital + Reserves + P.L. A/c

= 1,00,000 + 20,000 + 30,000 = 1,50,000

Debt-Equity Ratio = 80,000 / 1,50,000 = 0.53

2. b

Liquidity Ratio = Liquid Assets / Liquid Liabilities

Liquid Assets = Sundry Debtors + Advances + Cash Balance

30,000 + 10,000 + 30,000

= 70,000

Liquid Liabilities = Provision for Taxation + sundry creditors

= 20,000 + 50,000

= 70,000

Liquid Ratio = 70,000 / 70,000 = 1

3. c

Fixed Assets to Current Assets = Fixed Assets / Current Assets

= 1,40,000 / 100000

= 1.4

4. d

Fixed Assets Turnover = Turnover / Fixed Assets

= 5,60,000 / 1,40,000

= 4

If Receipts and Expenditures of the Central Government, 2017-18 (As per cent of GDP) are as given below

1. Revenue Receipts (a+b) - 8.7

(a) Tax revenue (net of states share) - 7.3

(b) Non-tax revenue - 1.4

2. Revenue Expenditure of which - 12.3

(a) Interest payments - 3.1

(b) Major subsidies - 2.4

(c) Defence expenditure - 1.1

3. Capital Receipts (a+b+c) of which - 5.2

(a) Recovery of loans - 0.2

(b) Other receipts (mainly PSU disinvestment) - 0.3

(c) Borrowings and other liabilities - 4.7

4. Capital Expenditure - 1.6

Find

1. Total Receipts

- a. 4.7
- b. 5.2
- c. 8.7
- d. 13.9

2. Total Expenditure

- a. 1.6
- b. 5.5
- c. 12.3
- d. 13.9

3. Revenue Deficit

- a. 1.6
- b. 3.6
- c. 4.7
- d. 8.7

4. Fiscal deficit

- a. 1.6
- b. 3.6
- c. 4.7
- d. 8.7

5. Primary Deficit

- a. 1.6
- b. 3.6
- c. 4.7
- d. 8.7

Solution

1. d

$$\begin{aligned} \text{Total Receipts} &= \text{Revenue Receipts} + \text{Capital Receipts} \\ &= 8.7 + 5.2 \\ &= 13.9 \end{aligned}$$

2. d

$$\text{Total Expenditure} = \text{Revenue Expenditure} + \text{Capital Expenditure}$$

$$= 12.3 + 1.6$$
$$= 13.9$$

3. b

Revenue Deficit = Revenue Expenditure - Revenue Receipts

$$= 12.3 - 8.7$$
$$= 3.6$$

4. c

Fiscal deficit = Total Expenditure - Total Receipts net of Borrowings and other liabilities

$$= 13.9 - (8.7 + 0.2 + 0.3)$$
$$= 13.9 - 9.2$$
$$= 4.7$$

5. a

Primary Deficit = Fiscal deficit - Interest payments

$$= 4.7 - 3.1$$
$$= 1.6$$

Issued share capital - 4,00,000, 12% Debentures - 1,50,000

The fixed assets are valued at Rs. 3.00 lakhs. Production during the previous year is 1.00 lakh units. The same level of activity is intended to be maintained during the current year.

The expected ratios of cost to selling price are

Raw materials - 50%
Direct Wages - 10%
Overheads - 25%

The raw materials ordinarily remain in stores for 2 months before production
Every unit of production remains in process for 2 months
Finished goods remain in the warehouse for 4 months
Credit allowed by creditors is 3 months from the date of delivery of raw materials and credit given to debtors is 3 months from the date of dispatch
Selling price is Rs. 6 per unit. Both the production and sales are in a regular cycle.

From the above information, calculate

1. Sales Value

- a. 300000
 - b. 600000
-

- c. 900000
- d. 2400000

Ans - b

2. Value of Raw Materials

- a. 60000
- b. 150000
- c. 300000
- d. 600000

Ans - c

3. Value of Labour

- a. 60000
- b. 150000
- c. 300000
- d. 600000

Ans - a

4. Value of Overheads

- a. 60000
- b. 150000
- c. 300000
- d. 600000

Ans - b

5. Value of finished goods in the warehouse

- a. 104000
- b. 170000
- c. 340000
- d. 510000

Ans - b

6. Value of Work in Progress

- a. 12500
- b. 50000
- c. 67500
- d. 85000

Ans - c

7. Current Assets

- a. 75000
- b. 120000
- c. 340000
- d. 415000

Ans - d

8. Current Liabilities

- a. 75000
- b. 120000
- c. 340000
- d. 415000

Ans - a

9. Working Capital

- a. 75000
- b. 120000
- c. 340000
- d. 415000

Ans - c

Solution :

1. b

Sales Value = No. of units * Selling price per unit

$$= 1,00,000 * 6$$
$$= 6,00,000$$

2. c

Raw Material (ratios of cost to selling price) = 50%

$$= 6,00,000 \times 50 / 100$$
$$= 3,00,000$$

3. a

Labour (ratios of cost to selling price) = 10%

$$= 6,00,000 \times 10 / 100$$
$$= 60,000$$

4. b

Overheads (ratios of cost to selling price) = 25%

$$= 6,00,000 \times 25 / 100$$
$$= 1,50,000$$

5. b

Finished Goods = Raw Materials + Direct Labour + Overheads

$$= 300000 + 60000 + 150000$$
$$= 510000$$

Finished goods remain in the warehouse for 4 months

So, Value of finished goods in the warehouse = $510000 * 4 / 12$

$$= 1,70,000$$

6. c

Every unit of production remains in process for 2 months. At that time of computing work in progress labour, overhead value is reduced to half.

Raw Materials = $3,00,000 \times 2/12 = 50000$

Direct Labour = $60,000 \times 2/12 \times 1/2 = 5000$

Overheads = $1,50,000 \times 2/12 \times 1/2 = 12500$

Work in Progress = $50000 + 5000 + 12500$

$$= 67500$$

7. d

Raw Materials = $3,00,000 \times 2/12 = 50000$

Work in Progress = 67500

Finished Goods = $5,10,000 \times 4/12 = 170000$

Debtors = $5,10,000 \times 3/12 = 127500$

Current Assets = Raw Materials + Work in Progress + Finished Goods + Debtors

$$= 50000 + 67500 + 170000 + 127500$$
$$= 4,15,000$$

8. a

Current Liabilities = Trade Creditors
= Trade Creditors (Credit allowed by creditors is 3 months)
= 3,00,000 x 3/12
= 75,000

9. c

Working capital = current assets – current liabilities
= 415000 - 75000
= 3,40,000

..... Act prohibits the employment of child below 14 years of age

- a. Child labour
- b. Contract labour
- c. Bonded labour
- d. Wages contract

Ans - a

..... is the big problem for every organisation

- a. recruiting and selecting
- b. Attracting and retaining
- c. Performance appraisal
- d. Promotion and transfer

Ans - b

Many colleges and universities have arranged for students to work part-time in a special training program as part of their education. This training is called

- a. College trainee experience
- b. Educational credits program
- c. Coordinated education
- d. An internship

Ans - d

Which of the following can be a reality in life? (i) Less than unit elastic demand, (ii) More than unit elastic demand, (iii) Perfectly elastic demand

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - a

In the assessment center workshops method, in a job related simulated situation, the behavior of the employees is assessed through their performance of different exercises such as (i) group discussions, psychometric tests, (ii) business games, committee meetings, (iii) in-basket exercises

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

When an individual is of the view that the course of events is determined by one's own efforts and action and not due to external events or luck, this is called as

- a. external locus of control
- b. locus of control
- c. internal locus of control
- d. beyond control locus

Ans - c

Summary of a Balance sheet of XYZ Company

Current Liabilities (in Crores)

Cash Credit - 800

Trade Creditors - 4500

Other Current Liabilities - 1200

Total Current Liabilities – 6500

Current Assets (in Crores)

Cash - 1500
Inventory - 5000
Debtors - 1400
Other Current Assets - 600

Total Current Assets - 8500

Find out

1. Current Ratio

- a. 1
- b. 1.31
- c. 1.5
- d. 2

Ans - b

Current Ratio = $CA/CL = 8500/6500 = 1.31$

2. Acid-Test Ratio

- a. 0.33
- b. 0.54
- c. 0.66
- d. 0.75

Ans - b

Acid-Test Ratio = $Quick\ Assets/CL = (CA-Inv)/CL = (8500-5000)/6500 = 3500/6500 = 0.54$

3. Net Working Capital

- a. 2000
- b. 3500
- c. 6500
- d. 8500

Ans - a

Net Working Capital = $CA - CL = 8500 - 6500 = 2000$

4. Working Capital Cap

- a. 1400
- b. 2800
- c. 5700
- d. 6500

Ans - b

$$\text{Working Capital Cap} = \text{CA} - (\text{CL} - \text{BB}) = 8500 - (6500 - 800(\text{CC})) = 8500 - 5700 = 2800$$

5. MPBF as per Tandon Committee - Method-I

- a. 700
- b. 1400
- c. 2100
- d. 3000

Ans - c

$$\text{MPBF as per Tandon Committee - Method-I} = \text{WCG} - 25\% \text{ of WCG} = 2800 - 25\% \text{ of } 2800 = 2800 - 700 = 2100$$

6. MPBF as per Tandon Committee - Method-II

- a. 675
- b. 750
- c. 875
- d. 950

Ans - a

$$\text{MPBF as per Tandon Committee - Method-II} = \text{WCG} - 25\% \text{ of CA} = 2800 - 25\% \text{ of } 8500 = 2800 - 2125 = 675$$

7. Current Ratio as per Tandon Committee - Method-I

- a. 1
- b. 1.09
- c. 1.33
- d. 1.66

Ans - b

Current Ratio as per Tandon Committee - Method-I = $CA / (MPBF + Trade\ Creditors + Other\ CL) = 8500 / (2100+4500+1200) = 8500 / 7800 = 1.09$

8. Current Ratio as per Tandon Committee - Method-II

- a. 1
- b. 1.09
- c. 1.33
- d. 1.66

Ans - c

Current Ratio as per Tandon Committee - Method-II = $CA / (MPBF + Trade\ Creditors + Other\ CL) = 8500 / (675+4500+1200) = 8500 / 6375 = 1.33$

9. Borrowing by the way of Cash Credit when compared with Tandon Committee - Method-I

- a. 700
- b. 1000
- c. 1300
- d. 1800

Ans - c

Borrowing by the way of Cash Credit = 800

MPBF as per Tandon Committee - Method-I = 2100

So, Borrowing by the way of Cash Credit is short by $(2100 - 800) = 1300$ Crores

10. Borrowing by the way of Cash Credit when compared with Tandon Committee - Method-II

- a. 100
- b. 125
- c. 150
- d. 175

Ans - b

Borrowing by the way of Cash Credit = 800

MPBF as per Tandon Committee - Method-II = 675

So, Borrowing by the way of Cash Credit is excess by $(800 - 675) = 125$ Crores

..... is for learning to prepare the individual for a different but identified job.

- a. Training
- b. Education
- c. Development
- d. Motivation

Ans - b

.....

Humanistic Theories of Knowles are not called as (i) Cognitive Theories, (ii) Behaviourist Theories, (iii) Mechanistic Theories

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

..... theories don't hold that the learner is passive in the process of learning. (i) Cognitive Theories, (ii) Behaviourist Theories, (iii) Organismic Theories

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - b

.....

Changes in the level and composition of taxation and government spending can have impact on the following variables in the economy (i) Aggregate demand and the level of economic activity, (ii) The proper utilization of funds, (iii) The distribution of income

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - b

.....

Price elasticity of demand refers to responsiveness of demand to a change in(i) price of the commodity, (ii) price of the substitute goods, (iii) income of the consumer

- a. Only (i)
- b. Only (i) and (ii)
- c. Only (ii) and (iii)
- d. Only (i) and (iii)

Ans - a

Capital is Rs 180, Reserves Rs 20, term loan Rs 300, Bank cash credit Rs 200, trade creditors Rs 50, provisions Rs 50/-, net fixed assets Rs 400, inventories Rs 150, cash Rs 50, Receivables Rs 150, goodwill Rs 50. What is current ratio?

- a. 1
- b. 1:1.17
- c. 1.17:1
- d. 2

Ans - c

Let me Explain
CA= 50+150+150= 350
CL= 200+50+50=300
CR= CA:CL= 350:300
i.e 1.17:1

As part of the concept of self-development, the self can be categorized into (i) patent self, (ii) explicit self, (iii) inner self

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - b

Which of the following is a method of selecting samples from a population? (i) Judgement sampling, (ii) Random sampling, (iii) Probability sampling

- a. Only (i) and (ii)

- b. Only (i) and (iii)
c. Only (ii) and (iii)
d. (i), (ii) and (iii)

Ans - a

A bank calculates that its individual savings accounts are normally distributed with a mean of Rupees 2,000 and a standard deviation of Rupees 600. If the bank takes a random sample of 100 accounts, what is the probability that the sample mean will lie between Rupees 1,900 and Rupees 2,050?

- a. 0.4792
b. 0.7492
c. 0.7942
d. 0.9742

Ans - b

Explanation :

$$\begin{aligned}\text{Standard Error} &= \text{SD} / \sqrt{N} \\ &= 600 / \sqrt{100} \\ &= 600 / 10 \\ &= 60\end{aligned}$$

Using the equation

$$z = (\bar{x} - \mu) / \text{SE}$$

we get 2 z values

$$\begin{aligned}\text{for } \bar{x} &= \text{Rs. } 1900, \\ z &= (1900 - 2000) / 60 \\ &= (-100) / 60 \\ &= -1.67\end{aligned}$$

$$\begin{aligned}\text{for } \bar{x} &= \text{Rs. } 2050, \\ z &= (2050 - 2000) / 60 \\ &= 50 / 60 \\ &= 0.83\end{aligned}$$

Probability table gives us probability of 0.4525 corresponding to a z value of -1.67, and it gives probability of 0.2967 for a z value of 0.83. If we add these two together, we get 0.7492 as the total probability that the sample mean will lie between Rs. 1900 and Rs. 2,050.

..... is a parameter, whereas is a statistic. (i) N, μ , (ii) σ , s, (iii) N, n

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

A perfect inverse relationship between two variables means the value of r is

- a. 0
- b. -1
- c. +1
- d. 0.5

Ans - c

The value of 'r'

- a. is always < 1
- b. is always > 1
- c. is always between 0 and -1
- d. always lies between -1 and 1.

Ans - d

There is no linear relationship between the variables if the value of 'r' is

- a. 0
- b. -1
- c. +1
- d. 0.5

Ans - a

Select the incorrect statement:

- a. Bond prices fall when market interest rates fall.
 - b. Bond prices rise when market interest rates fall.
-

-
- c. If the bond's YTM increases, the rate of return during the period will be greater than that yield.
d. all are incorrect

Ans - d
.....

In a scatter diagram, a value of $r = -1$ indicates all points are lying on a line of slope, i.e., sloping from to

- a. positive, up, right, left
b. positive, down, left, right
c. negative, up, right, left
d. negative, down, left, right

Ans - d
.....

Which of the following statements is not correct?

- a. Human wants are limited.
b. Means to satisfy human wants are limited.
c. Means or resources have alternative uses
d. None of the above

Ans - d
.....

XYZ purchased machinery of 100000. Rate of depreciation is 10%. What is average rate of depreciation?

- a. 12.25%
b. 12.96%
c. 13.75%
d. 13.98%

Ans - c
.....

In which of the following situations would $\bar{x} = \frac{\sum x}{n}$ would be the correct formula to use for computing. (i) Sampling is from a finite population without replacement, (ii) Sampling is from a finite population with replacement, (iii) Sampling is from an infinite population

- a. Only (i) and (ii)
b. Only (i) and (iii)
c. Only (ii) and (iii)
-

d. (i), (ii) and (iii)

Ans - c

In economics 'Value of next best alternative foregone' is called:

- a. Propensity
- b. Opportunity Cost
- c. Sacrifice Cost
- d. None of these

Ans - b

Which of the following cannot be a reality in life and remains an imaginary situation?

- a. Less than unit elastic demand
- b. Perfectly elastic demand
- c. Unit elastic demand
- d. More than unit elastic demand

Ans - b

Which of the following is not a factor affecting elasticity of demand?

- a. Share in the total expenditure
- b. Multiple uses of the commodity
- c. Availability of close substitutes
- d. None of these

Ans - d

Suppose that a population with N is equal to 144 has p is equal to 24. What is the mean of the sampling distribution of the mean for samples of size 25?

- a. 24
- b. 12
- c. 4.8
- d. 2

Ans - a

There are 2 methods for performance appraisal. Which of the following are not correct. (i) the traditional methods emphasize on rating the individual personality traits, (ii) the traditional methods lay importance on job achievement, (iii) the modern methods lay emphasize on rating the individual personality traits

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

Which Type of compensation in the following are matched properly? (i) top or middle management – salary, (ii) Clerical or administrative staff - salary, (iii) unskilled, semi-skilled, skilled or highly skilled staff – wages

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

In the 360 degree appraisal method, the appraisal of an employee is done by (i) seniors, (ii) colleagues, (iii) subordinates

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

The dispersion among sample means is less than the dispersion among the sampled items themselves not because (i) Very large values are averaged down and very small values are averaged up, (ii) Each sample is smaller than the population from which it is drawn, (iii) The sampled items are all drawn from the same population

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)

d. (i), (ii) and (iii)

Ans - c

The central limit theorem assures us that the sampling distribution of the mean

- a. Is always normal
- b. Is always normal for large sample sizes
- c. Approaches normality as sample size increases
- d. Appears normal only when N is greater than 1,000

Ans - b

In a normally distributed population, the sampling distribution of the mean (i) Is normally distributed, (ii) Has a mean equal to the population mean, (iii) Has a standard deviation equal to the population standard deviation divided by the square root of the sample size

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

The compensation should be adequate which takes into account the following (i) minimum wages, (ii) living wages, (iii) fair wages

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

As on end of previous financial year, XYZ Bank has :

Total Advances - Rs. 80,000 Cr
ANBC (Adjusted Net Bank Credit) - Rs. 75000 Cr
Agriculture Advances - Rs. 13500 Cr
MSE Advances - 5000 Cr

Weaker Section Advances - Rs. 8500 Cr
Total Priority Sector Advances - Rs. 29000 Cr

Answer the following based of the above information

Whether the Bank has achieved the target for Agriculture Advances?

- a. Yes. The Bank has just achieved the target
- b. Yes. the Bank has exceeded the target
- c. No. The Bank has defaulted in achieving the target
- d. No such target for Agriculture Advances

Ans - a

.....

Whether the Bank has achieved the target for MSE Advances?

- a. Yes. The Bank has just achieved the target
- b. Yes. the Bank has exceeded the target
- c. No. The Bank has defaulted in achieving the target
- d. No such target for Agriculture Advances

Ans - d

.....

Whether the Bank has achieved the target for Weaker Section Advances?

- a. Yes. The Bank has just achieved the target
- b. Yes. the Bank has exceeded the target
- c. No. The Bank has defaulted in achieving the target
- d. No such target for Agriculture Advances

Ans - b

.....

Whether the Bank has achieved the target for Priority Sector Advances?

- a. Yes. The Bank has just achieved the target
- b. Yes. the Bank has exceeded the target
- c. No. The Bank has defaulted in achieving the target
- d. No such target for Agriculture Advances

Ans - c

.....

Unemployment of men and materials is not widespread during (i) boom, (ii) recession, (iii) depression

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - a

Which of the following statements are correct ? (i) Business cycles are highly unpredictable, (ii) Economic activity is at its lowest level during the recession phase, (iii) During boom period production capacities are fully utilized

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - b

Which of the following can be included in capital as factor of production? (i) Factory building, (ii) machinery, (iii) car used for factory work

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

A% confident interval means the value lies between $(y-2S, y+2S)$.

- a. 50
- b. 65
- c. 75
- d. 90

Ans - d

The change comes over a long period of time in variation.

- a. secular trend
- b. cyclical fluctuation
- c. seasonal variation
- d. irregular variation

Ans – a

.....

In which of the following methods of sampling, elements are selected from the population at a uniform level that is measured in time, order or space?

- a. Simple Random Sampling
- b. Systematic Sampling
- c. Stratified Sampling
- d. Cluster Sampling

Ans - b

.....

Market Demand Curve obeys the

- a. Law of downward-sloping demand
- b. Law of upward-sloping demand
- c. Law of diminishing
- d. None of these

Ans - a

.....

Which of the following methods can be used to analyse past cyclical variation and not for predicting future cyclical variation?

- a. Ratio to Moving Average Method
- b. Residual Method
- c. Regression Method
- d. Correlation Method

Ans - b

.....

Systematic sampling requires time and results in cost than simple random sample method.

- a. less, more
- b. less, lower
- c. more, more
- d. more, less

Ans - b

A perfect inverse relationship between two variables means the value of r is

- a. 0
- b. -1
- c. +1
- d. 0.5

Ans - b

The repetitive movement around a trend line in a 4- month period is best described by

- a. seasonal variation
- b. secular trend
- c. cyclical fluctuation
- d. irregular variation

Ans - a

Asha wants to receive a fixed amount for 15 years by investing Rs. 9 lacs @ 9% roi. How much she will receive annually?

- a. 116153
- b. 111563
- c. 115163
- d. 111653

Ans - d

Explanation :

Here,

P = 9 lac
R = 9% p.a.
T = 15 yrs

$$EMI = P * R * [(1+R)^T / (1+R)^T - 1]$$

$$EMI = 900000 * 0.09 * 1.0915 \div (1.0915 - 1) \\ = 111653$$

Use sampling when the groups are essentially similar to each other but there is considerable variation within each group.

- a. Simple Random Sampling
- b. Systematic Sampling
- c. Stratified Sampling
- d. Cluster Sampling

Ans - d

The result of discarding extreme values before averaging is called

- a. residual mean
- b. modified mean
- c. extreme mean
- d. none of the above

Ans - b

Which of the following is not correct regarding term loans by the banks?

- a. Asset liability matching is an important consideration in term financing
- b. Installment of term loan, payable within one year is considered as current liability
- c. Repayment of a term loan can be in equated monthly instalments
- d. Current ratio is the most important ratio in appraisal of a term loan

Ans - d

Project loans can be given by the bank to

- a. Only corporate
-

- b. Only corporate and partnership firms
- c. Only corporate, partnership firms and societies
- d. Any business entity

Ans - d

.....

Which of the following are internal factor affecting credit risk? (i) Excessive lending to cyclical industries, (ii) Protectionist policies of other countries, (iii) Low quality of credit appraisal and monitoring

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - b

.....

Which of the following is not a method for detecting wrong mention of receivables in stock statement submitted by the borrower?

- a. Analysis of financial statements
- b. Cross check from the balance sheet figure
- c. Receivables audit
- d. Inspection of books of account

Ans - a

.....

Which of the following is not a method for detecting wrong mention of inventory in a stock statement?

- a. Stock audit
- b. Inspection of stocks
- c. Analysis of financial statements
- d. Cross-check from the balance sheet figure

Ans - c

.....

Which of the following is not a danger sign about the direction of business of the borrower?

- a. Devolvement of L Cs, invocation of Bank Guarantees
 - b. Demand for higher limit
 - c. Delays in submission of stock/receivables statements
-

d. Return of cheques or bills

Ans - d

.....

A bond with a par-value of Rs. 100 is purchased for 95.92 and it paid a Coupon rate of 5%. Calculate its current yield.

- a. 5.12
- b. 5.21
- c. 5.34
- d. 5.43

Ans - b

Explanation :

Coupon = Face value × Coupon Rate
And annual interest paid = Market Price × Current Yield
 $5 = 95.92 \times CY$
 $CY = 0.0521 = 5.21\%$

.....

Which of the following is not a purpose of credit monitoring?

- a. To ensure end use of the funds by the borrower
- b. To detect any deterioration in the security charged to the bank
- c. To comply with the guidelines of the RBI
- d. To ascertain that the business continues to run on the projected lines

Ans - c

.....

Which of the following is not a tool available to check the bank for credit monitoring?

- a. Sending regular reminders to the borrower
- b. Periodic visits to the business place for inspection
- c. Analysis of financial statements
- d. Examine conduct of borrower's account

Ans - a

.....

A zero-Coupon bond has a future value of Rs. 1000 and matures in 2 years and can be currently purchased for Rs. 925. Calculate its current yield.

- a. 2.78
- b. 2.98
- c. 3.78
- d. 3.98

Ans - d

Explanation :

Here

$$1000 = 925 \times (1 + r)^2$$

So,

$$\begin{aligned} r &= 1.0398 - 1 \\ &= 0.0398 \\ &= 3.98\% \end{aligned}$$

An increase in government expenditure or transfer payments will shift the IS curve

- a. To right
- b. To left
- c. No change
- d. Downwards

Ans - a

Hindu rate of growth is

- a. 3%
- b. 3.5%
- c. 5%
- d. 7%

Ans - b

As an economic concept, scarcity applies to (i) Money, (ii) Time

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - d

In the measurement of secular trend, the moving averages (i) Smooth out the time series, (ii) Measure the seasonal variations

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - a

Trend projection is an example of which kind of forecasting?

- a. Qualitative
- b. Time-series
- c. Barometric
- d. Econometric

Ans - b

The Heckscher-Ohlin approach to international trade provides important insights, in (i) Gains from trade, (ii) Effect of trade on production and consumption, (iii) Effect of trade on the incomes of production factors

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

The unemployment rate is related to inflation by the Phillips curve, which is typically a negative sloped curve looking like a hyperbola. Inflation is very high at very low rates of unemployment, and it takes very high rates of unemployment to bring inflation down to zero. We compute a correlation coefficient between unemployment rates and inflation, and find it is negative 0.5. The true relation between the two is most probably (i) stronger than reported by the correlation coefficient, due to the non-linearity, (ii) weaker than reported by the correlation coefficient, due to the great scatter of points around the line

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - a

HR activities lead to (i) Achievement of strategic goals, (ii) Organizational performance, (iii) Emergent employee behaviors

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

External and internal audit of a company includes (i) economic trends, (ii) political trends, (iii) competitive trends

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

..... is a list of job's duties, responsibilities, reporting relationships, working environment and supervisory responsibility. Choose the wrong one. (i) Job Specification, (ii) Job Analysis, (iii) Job Description

- a. Only (i) and (ii)
 - b. Only (i) and (iii)
-

- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - a

.....

360-Degree Feedback enhances the quality of decisions. (i) HR, (ii) Management, (iii) HRD

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

What is meant by RPO?

- a. Recruitment Process Outsourcing
- b. Retirement Process Outsourcing
- c. Recruitment Process Output
- d. Recruitment Procedure Outsourcing

Ans - a

.....

Coherent career plan links (i) employee's performance, (ii) career interests, (iii) developmental needs

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

Which among the following are functions of International Monetary Fund? (i) It provides a mechanism for improving short term balance of payments position, (ii) It provides machinery for international consultations, (iii) It provides reservoir of the currencies of the member countries and enables members to borrow one another's currency

- a. Only (i) and (ii)
 - b. Only (i) and (iii)
-

-
- c. Only (ii) and (iii)
 - d. (i), (ii) and (iii)

Ans - d

.....

..... errors are likely to be more incase of complete enumeration survey. (i) Sampling errors, (ii) Probability errors

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - b

.....

Econometric forecasts require (i) accurate estimates of the coefficients of structural equations, (ii) forecasts of future values of exogenous variables, (iii) appropriate theoretical models

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

Which among the following has not been a measure adopted by the government to unearth black money in India?

- a. Voluntary Disclosure schemes
- b. Demonetization of currency
- c. Special Bearer Bond Scheme
- d. Creating civic consciousness

Ans - d

.....

One of the methods to find out Mode is

- a. $\text{Mode} = 3 \text{ Median} + 2 \text{ Mean}$
 - b. $\text{Mode} = 3 \text{ Median} - 3 \text{ Mean}$
 - c. $\text{Mode} = 2 \text{ Median} - 3 \text{ Mean}$
-

d. Mode = 3 Median – 2 Mean

Ans - d

.....

Which among the following statements is INCORRECT?

- a. Coefficient of correlation can be computed directly from the data without measuring deviation.
- b. Measures of Dispersion are also called averages of the second order.
- c. Standard deviation can be negative.
- d. Mean deviation can never be negative.

Ans - c

.....

Which of the following explains why supply curves slope upward?

- a. Prices and income
- b. Increasing marginal cost
- c. Resources and technology
- d. Substitutes in production and complements in production

Ans - b

.....

A sample statistic, such as a sample mean, is known as

- a. a statistic
- b. a parameter
- c. the mean deviation
- d. the central limit theorem

Ans - a

.....

If the quantity supplied exceeds the quantity demanded, then there is

- a. a shortage and the price is below the equilibrium price
- b. a shortage and the price is above the equilibrium price
- c. a surplus and the price is below the equilibrium price
- d. a surplus and the price is above the equilibrium price

Ans - c

.....

A financial analyst investigates the relationship between the riskiness of certain securities and their returns. Data on 80 stocks are collected. The analyst chooses risk, in percent, as the independent variable (X) and return, in percent, as the dependent variable (Y).

$$\begin{aligned}\Sigma X &= 484.0 & \Sigma Y &= 740.0 & \Sigma X^2 &= 6,180.0 & \Sigma Y^2 &= 15,720.0 & \Sigma X*Y &= 9,226.32 & n &= 40 \\ SSXX &= 6,180 - 484.0^2/40 = 323.60 \\ SSYY &= 15,720.0 - 740.0^2/40 = 2,030.0 \\ SSXY &= 9,326.32 - 484*740/75 = 372.32\end{aligned}$$

1. What is the slope of the regression line?

- a. 4.578
- b. 1.833
- c. 1.151
- d. -1.151

Ans - c

Solution:

$$\text{The slope} = 372.32 / 323.60 = 1.1506$$

2. What is the intercept of the regression line?

- a. -4.578
- b. -9.186
- c. 4.578
- d. 2.891

Ans - c

Solution:

$$\text{The intercept} = 18.5 - 1.1506 * 12.1 = 4.578$$

3. Write the regression line

- a. $Y = -4.578 + 1.151 * X$
- b. $Y = 1.151 + 4.578 * X$
- c. $Y = 4.578 + 1.151 / X$
- d. $Y = 4.578 + 1.151 * X$

Ans – d

Solution:

The regression line is: $Y = 4.578 + 1.151 * X$

4. Interpret the slope

- a. The risk premium, the additional return investors need in compensation for additional risk, is 4.58%
- b. The risk premium, the additional return investors need in compensation for additional risk, is 1.15%
- c. The risk premium, the additional return investors need in compensation for additional risk, is -1.15%
- d. The return premium, the additional risk investors need in compensation for additional return, is 1.15%

Ans - b

Solution:

The interpretation of the slope is: The risk premium, the additional return investors need in compensation for additional risk, is 1.15%.

5. Interpret the intercept

- a. The risk-free rate of return is 4.58%
- b. The risk-free rate of return is 1.15%
- c. The marginal rate of return is 4.58%
- d. The risk-free rate of return is -4.58%

Ans - a

Solution:

The interpretation of the intercept is: The risk-free rate of return is 4.58%

Ergonomics concerned with

- a. Designing and shaping jobs
- b. Creativity the jobs
- c. Guiding the employees to do the jobs
- d. All the above

Ans - a

The flow of work with organisation is strongly influenced by

- a. Nature of the task
- b. Nature of product and service
- c. Nature of the organization
- d. All the above

Ans - b

..... is the process of familiarizing new employees with the organisation and the job.

- a. Recruitment
- b. Selection
- c. Induction
- d. Training

Ans - c

The objective of salary administration is to offer

- a. More wages
- b. Lesser wages
- c. Poor wages
- d. Fair wages

Ans - d

Non-financial motivator is

- a. Bonus
- b. Job security
- c. Medical reimbursement
- d. Leave with pay

Ans - b

Whatever an individual does, there is always some amount of on him.

- a. satisfaction
 - b. stress
-

- c. profit
- d. benefit

Ans - b

It is the tendency of a superior to rate people lower than their performance is termed as

- a. Horns Effect
- b. Central tendency
- c. Halo effect
- d. static

Ans - c

..... is a process of assigning specific job to each of the selected candidates

- a. Placement
- b. Training
- c. Selection practices
- d. preliminary interview

Ans - a

What is the designation of the manager who energize the workplace with focus?

- a. Employee energized executive
- b. Employee engagement manager
- c. Chief executive officer
- d. HR trainer

Ans - b

..... ensures talented employees retained by reassigning them to other groups

- a. Employees Enrolment review committee
- b. Association of job secured for employees
- c. Work allotment committee
- d. People movement management review committee

Ans - d

Trading and P&L Account of XYZ Ltd. for the year ending 31-3-2018 is given below

To Opening Stock - 2,10,000
To Purchases - 4,00,000
To Wages - 30,000
To Carriage and Freight - 10,000
To Gross Profit b/d - 3,50,000
Total - 10,00,000

To Administration expenses - 1,50,000
To Selling and Dist. Expenses - 20,000
To Non-operating expenses - 5,000
To Financial Expenses - 10,000
To Net Profit c/d - 1,85,000
Total - 3,70,000

By Sales - 8,00,000
By Closing stock - 2,00,000
Total - 10,00,000

By Gross Profit b/d - 3,50,000
By Non-operating incomes:
By Dividend on shares - 10,000
By Interest on Securities - 5,000
By Profit on sale of shares - 5,000
Total - 3,70,000

Calculate the following

1. Net Profit Ratio

- a. 21.13 percent
- b. 21.33 percent
- c. 23.13 percent
- d. 23.33 percent

2. Gross Profit Ratio

- a. 34.75 percent
- b. 37.45 percent
- c. 43.75 percent
- d. 47.35 percent

3. Operating Ratio

- a. 69.50 percent
- b. 72.50 percent
- c. 74.50 percent
- d. 77.50 percent

4. Operating Profit Ratio

- a. 22.50 percent
- b. 25.50 percent
- c. 27.50 percent
- d. 31.50 percent

5. Stock Turnover Ratio

- a. 1.90 times
- b. 2.20 times
- c. 2.80 times
- d. 3.63 times

6. Expenses Ratio

- a. 21.25 percent
- b. 22.60 percent
- c. 25.75 percent
- d. 28.40 percent

Ans : 1-c, 2-c, 3-d, 4-a, 5-b, 6-a

Solution:

1. Net Profit Ratio = Net Profit / Net Sales X 100
= 1,85,000 / 8,00,000 X 100
= 23.13%

2. Gross Profit Margin = Gross profit / Sales X 100
= 3,50,000 / 5,00,000 X 100
= 43.75%

3. Operating Ratio = (Cost of goods sold + Op. Expenses) / Net Sales X 100
Cost of Goods sold = Opening stock + purchases + carriage and Freight + wages – Closing Stock
= 210000 + 400000 + 10000 + 30000 - 200000
= Rs.4,50,000

$$\begin{aligned}\text{Operating Ratio} &= (4,50,000 + 1,70,000) / 8,00,000 \times 100 \\ &= 6,20,000 / 8,00,000 \times 100 \\ &= 77.50\%\end{aligned}$$

4. Operating Profit Ratio = Op. Profit / Net Sales X 100

Operating profit = Net sales - (Cost of goods sold + Administrative and office expenses + Selling and distribution exp.)

$$= 8,00,000 - (4,50,000 + 1,50,000 + 20,000)$$

$$= 8,00,000 - 6,20,000$$

$$= 1,80,000$$

$$\text{Operating Profit Ratio} = 1,80,000 / 8,00,000 \times 100$$

$$= 22.50\%$$

5. Stock Turnover Ratio = Cost of goods sold / Average Stock

$$\text{Cost of goods sold} = 4,50,000$$

$$\text{Average Stock} = (\text{Opening Stock} + \text{Closing stock}) / 2$$

$$= (2,10,000 + 2,00,000) / 2$$

$$= 4,10,000 / 2$$

$$= 2,05,000$$

$$\text{Stock Turnover Ratio} = 4,50,000 / 2,05,000$$

$$= 2.20 \text{ times}$$

6. Expenses Ratio = Op. Expenses / Net Sales X 100

$$= 1,70,000 / 8,00,000 \times 100$$

$$= 21.25\%$$

From the following information, calculate...

Inventory in the beginning = 18,000

Inventory at the end = 22,000

Net purchases = 46,000

Wages = 14,000

Revenue from operations = 80,000

Carriage inwards = 4,000

1. Cost of Revenue from Operations

a. Rs. 20,000

b. Rs. 40,000

c. Rs. 60,000

d. Rs. 80,000

Ans - c

2. Average Inventory

- a. Rs. 20,000
- b. Rs. 40,000
- c. Rs. 60,000
- d. Rs. 80,000

Ans - a

3. Inventory Turnover Ratio

- a. 1 Time
- b. 2 Times
- c. 3 Times
- d. 4 Times

Ans - c

Solution:

1. c

Cost of Revenue from Operations = Inventory in the beginning + Net Purchases + Wages + Carriage inwards – Inventory at the end
= Rs. 18,000 + Rs. 46,000 + Rs. 14,000 + Rs. 4,000 – Rs. 22,000
= Rs. 60,000

2. a

Average Inventory = (Inventory in the beginning + Inventory at the end) / 2
= (Rs. 18,000 + Rs. 22,000) / 2
= Rs. 20,000

3. c

Inventory Turnover Ratio = Cost of Revenue from Operations / Average Inventory
= Rs. 60,000 / Rs. 20,000
= 3 Times

Job analysis is the outcome of Job description and

- a. Job design
- b. Job specification
- c. Job evaluation
- d. Job content

Ans - b

Given the following information

Paid up capital - 6,00,000
Plant and Machinery - 10,00,000
Total Sales (p.a.) - 50,00,000
Gross Profit - 30%
Annual Credit Sales - 70% of net sales
Current Ratio - 2
Inventory Turnover - 2
Fixed Assets Turnover - 2
Sales Returns - 20% of sales
Average collection period - 73 days
Cash to Inventory - 1 : 5
Total debt to current Liabilities - 2

Calculate the following

1. Net Sales

- a. Rs. 20,00,000
- b. Rs. 28,00,000
- c. Rs. 40,00,000
- d. Rs. 42,40,000

2. Credit Sales

- a. Rs. 20,00,000
- b. Rs. 28,00,000
- c. Rs. 40,00,000
- d. Rs. 42,40,000

3. Gross Profit

- a. Rs. 10,00,000
- b. Rs. 11,20,000
- c. Rs. 12,00,000
- d. Rs. 14,00,000

4. Cost of Goods Sold

- a. Rs. 20,00,000
 - b. Rs. 28,00,000
 - c. Rs. 40,00,000
 - d. Rs. 42,40,000
-

5. Inventory

- a. Rs. 10,00,000
- b. Rs. 11,20,000
- c. Rs. 12,00,000
- d. Rs. 14,00,000

6. Receivable Turnover

- a. 3
- b. 4
- c. 5
- d. 6

7. Receivable

- a. Rs. 2,80,000
- b. Rs. 3,20,000
- c. Rs. 4,40,000
- d. Rs. 5,60,000

8. Cash

- a. Rs. 2,80,000
- b. Rs. 3,20,000
- c. Rs. 4,40,000
- d. Rs. 5,60,000

9. Total Current Assets

- a. Rs. 20,00,000
- b. Rs. 22,40,000
- c. Rs. 40,00,000
- d. Rs. 42,40,000

10. Total Current Liabilities

- a. Rs. 10,00,000
- b. Rs. 11,20,000
- c. Rs. 12,00,000
- d. Rs. 14,00,000

11. Total Debt

- a. Rs. 20,00,000
- b. Rs. 22,40,000
- c. Rs. 40,00,000
- d. Rs. 42,40,000

12. Long term debt

- a. Rs. 10,00,000
- b. Rs. 11,20,000
- c. Rs. 12,00,000
- d. Rs. 14,00,000

13. Fixed Assets

- a. Rs. 20,00,000
- b. Rs. 22,40,000
- c. Rs. 40,00,000
- d. Rs. 42,40,000

14. Other fixed Assets

- a. Rs. 10,00,000
- b. Rs. 11,20,000
- c. Rs. 12,00,000
- d. Rs. 14,00,000

15. Total Assets

- a. Rs. 20,00,000
- b. Rs. 22,40,000
- c. Rs. 40,00,000
- d. Rs. 42,40,000

16. Net worth

- a. Rs. 20,00,000
- b. Rs. 22,40,000
- c. Rs. 40,00,000
- d. Rs. 42,40,000

17. Reserves & Surplus

- a. Rs. 10,00,000
- b. Rs. 11,20,000
- c. Rs. 12,00,000
- d. Rs. 14,00,000

Ans : 1-c, 2-b, 3-c, 4-b, 5-d, 6-c, 7-d, 8-a, 9-b, 10-b, 11-b, 12-b, 13-a, 14-a, 15-d, 16-a, 17-d

Solution:

1. Net Sales = Total Sales - Sales Return
= 50,00,000 - (50,00,000 * 20%)
= 50,00,000 - 10,00,000
= Rs. 40,00,000

2. Credit Sales = 70% of Net Sales
= 40,00,000 x 70%
= Rs. 28,00,000

3. Gross Profit = 30% of Net sales
= 40,00,000 x 30%
= Rs. 12,00,000

4. Cost of Goods Sold = Net Sales - Gross Profit
= 40,00,000 - 12,00,000
= Rs. 28,00,000

5. Inventory = Cost of Goods Sold / Inventory Turnover
= 28,00,000 / 2
= Rs. 14,00,000

6. Receivable Turnover = 365 / 73 = 5

7. Receivables = Credit Sales / Receivables Turnover
= 28,00,000 / 5
= Rs. 5,60,000

8. Cash = 1/5 of Inventory
= 1/5 x 14,00,000
= Rs. 2,80,000

9. Total Current Assets = Inventory + Receivables + Cash
= 14,00,000 + 5,60,000 + 2,80,000

= Rs. 22,40,000

10. Total Current Liabilities = Current Assets / 2
= 22,40,000 / 2
= Rs. 11,20,000

11. Total Debt = Current Liabilities x 2
= 11,20,000 x 2
= Rs. 22,40,000

12. Long term debt = Total Debt - Current Liabilities
= 22,40,000 - 11,20,000
= Rs. 11,20,000

13. Fixed Assets = 1/2 of Net Sales
= 1/2 x 40,00,000
= Rs. 20,00,000

14. Other fixed Assets = Fixed Assets - Plant & Machinery
= 20,00,000 - 10,00,000
= Rs. 10,00,000

15. Total Assets = Fixed Assets + Current Assets
= 20,00,000 + 22,40,000
= 42,40,000

16. Net worth = Total Assets - Total Debt
= 42,40,000 - 22,40,000
= Rs. 20,00,000

17. Reserves & Surplus = Net worth - Paid Up capital
= 20,00,000 - 6,00,000
= Rs. 14,00,000

Job description is helpful in grading and classification

- a. Salary
- b. Position
- c. Job
- d. People

Ans - c

An amount of money grows up to 8,000 in 2 yrs. and up to 8,500 in 3 years. Find the compounded rate of interest.

- a. 6.00%
- b. 6.25%
- c. 6.67%
- d. 5.25%

Ans - b

.....

Forecasts are referred to as naive if they

- a. are based only on past values of the variable
- b. are short-term forecasts
- c. are long-term forecasts
- d. generally result in incorrect forecasts

Ans - a

.....

Barometric methods are used to forecast

- a. seasonal variation
- b. secular trend
- c. cyclical variation
- d. irregular variation

Ans - c

.....

Compensation philosophy according to which compensations are not paid according to span of service but consider performance level is called

- a. performance orientation philosophy
- b. recency orientation philosophy
- c. primacy orientation philosophy
- d. entitlement orientation philosophy

Ans - a

.....

HRM policy is

- a. Place of action
- b. A decision making
- c. Is a mission
- d. All the above

Ans - a

.....

Which factor of production is considered as fixed input?

- a. labour
- b. technology
- c. capital
- d. land

Ans - d

.....

Micro economic theory is also known as

- a. Business Theory
- b. Cost Theory
- c. Individual Theory
- d. Price Theory

Ans - d

.....

Which will cause a change in the demand for good X?

- a. A change in taste
- b. A change in Income
- c. A change in the price of X
- d. A change in price of complementary product

Ans - c

.....

A market demand Schedule for a product indicates that

- a. as the product price falls, consumers buy less of the good
 - b. there is a direct relationship between price and quantity demanded
-

- c. as a product price rises, consumers buy less of other goods
- d. there is an inverse relationship between price and quantity demanded

Ans - d

.....

Profit =

- a. TR+TC
- b. TR/TC
- c. TR X TC
- d. TR-TC

Ans - d

.....

Profit Maximisation goal is suitable for and markets

- a. Monopolistic and oligopoly
- b. monopolistic and Duopoly
- c. Monopoly and Perfect competition
- d. Monopsony and Duopsony

Ans - c

.....

Economics is derived from the greek word OIKONOMIKUS which means

- a. Business Management
- b. Economics
- c. Wealth Management
- d. House Management

Ans - d

.....

Positive Science concern with economics analysis

- a. Cause relationship
- b. Effect Relationship
- c. Cause and Effect relationship
- d. None of the above

Ans - c

.....

The supply of a product does not depend on

- a. labour costs
- b. the number of sellers in the market
- c. consumers tastes
- d. existing technology

Ans - c

HRM policies lies in

- a. An organization value
- b. Philosophy
- c. Concepts and principles
- d. All the above

Ans - d

According to Knowles provides the basis for the learning activities

- a. Hard Work/Smart work
- b. Learning and Guidance
- c. Education and Knowledge
- d. Experience including mistakes

Ans - d

..... initiates center on enhancing capabilities

- a. Development
- b. Rewards
- c. Training
- d. Planning

Ans - a

..... term refers to the knowledge, education, training, skills, and expertise of a firms workers.

- a. human resources
 - b. human capital
-

- c. intangible assets
- d. knowledge assets

Ans - b

.....

More difficult jobs are paid more are ensured by

- a. Internal equity
- b. External equity
- c. Equity
- d. Factor

Ans - a

.....

..... is the remuneration for organisation

- a. rent
- b. wages
- c. interest
- d. profit

Ans - d

.....

..... input factor is divided as skilled, semiskilled, unskilled

- a. land
- b. capital
- c. Technology
- d. labour

Ans - d

.....

In the Law of variable proportion when TP is maximum then the MP =

- a. $MP = 1$
- b. $MP < 0$
- c. $MP = 0$
- d. $MP > 1$

Ans - c

.....

Cobb Douglas production function mainly studies

- a. capital and labour
- b. labour and expenditure
- c. land and labour
- d. land and capital

Ans - a

.....

Marginal cost is defined as

- a. change in total cost due to change in output
- b. total cost divided by output
- c. change in output due to a change in an input
- d. total product divided by the quantity of input

Ans - a

.....

Law of demand does not include

- a. price of commodity is an independent variable
- b. quantity demanded is a dependent variable
- c. reciprocal relationship is found between price and quantity demanded
- d. cost of product

Ans - d

.....

Too great a reliance on internal recruitment can result in

- a. Reduced job performance
- b. Higher labour turnover
- c. Internal conflict
- d. Poor group dynamics

Ans - a

.....

Set of proposals and actions for managers dealing with the employees is

- a. Personnel Policies
 - b. Personnel Procedure
-

- c. Personnel duties
- d. Personnel roles

Ans - a

.....

Balance sheet is a statement of

- a. Assets
- b. Liability
- c. Capital
- d. All of the above

Ans - d

.....

Liquid or Quick assets =

- a. Current assets – (stock + work in progress)
- b. Current assets + stock + work in progress
- c. (Current assets + stock) + work in progress
- d. (Current assets + work in progress) – stock

Ans - a

.....

Adding more responsibilities, autonomy and control of a job is

- a. Job enrichment
- b. Job design
- c. Job requirement
- d. Job analysis

Ans - a

.....

Failure to report work is called

- a. Lack of commitment
- b. Absenteeism
- c. Burnout
- d. Immoral Activity

Ans – b

.....

A current ratio of and above indicates that the availability of sufficient net working capital and the ability of the firm to meet current liabilities.

- a. 1.33:1
- b. 1.44:1
- c. 1.55:1
- d. 1.66:1

Ans - a

A portrayal of replacing the employees is

- a. Job chart
- b. Replacement chart
- c. Workers chart
- d. Employees chart

Ans - b

Which of the following is not correct?

- a. $TC = TFC + TVC$
- b. $TFC = TC - TVC$
- c. $TVC = TC - TFC$
- d. None of the above

Ans - d

A Market demand can be derived by adding all the individual demand curves

- a. vertically
- b. horizontally
- c. in parallel
- d. by any of the above as long as it is consistent

Ans - c

The following is a statement of revenues and expenses for a specific period of time

- a. Trading account
-

- b. Trial balance
- c. Profit and loss statements
- d. Balance sheet

Ans - c

.....

Apart from pay what is the second most common reason for an employee to join a trade union?

- a. group solidarity
- b. friendship groups
- c. political reasons
- d. wide range of personal benefits

Ans - d

.....

A manager is asking 'Does employee is informed about performance standards' is part of

- a. antecedents
- b. behavior
- c. consequences
- d. counseling

Ans - a

.....

The amount of cash that a firm keeps on hand in order to take advantage of any bargain purchases that may arise is referred to as its

- a. Transactions balance
- b. Compensating balance
- c. Precautionary balance
- d. Speculative balance

Ans - d

.....

Starrs Company has current assets of Rs. 300,000 and current liabilities of Rs. 200,000. Starrs could increase its working capital by the

- a. Prepayment of Rs. 50,000 of next year's rent
 - b. Refinancing of Rs. 50,000 of short-term debt with long-term debt
 - c. Purchase of Rs. 50,000 of temporary investments for cash
-

d. Collection of Rs. 50,000 of accounts receivable

Ans - b

.....

Bankers are best classified in a personality type of

- a. realistic orientation
- b. investigative orientation
- c. social orientation
- d. conventional orientation

Ans - d

.....

People favors career in which personal needs of employees are subordinated to company is

- a. realistic orientation
- b. investigative orientation
- c. social orientation
- d. conventional orientation

Ans - d

.....

The following is a statement showing the financial status of the company at any given time

- a. Trading account
- b. Profit and Loss statements
- c. Balance sheet
- d. Cash book

Ans - c

.....

In traditional focus, providing information about skills learning is included in

- a. training and development
- b. performance appraisal
- c. recruiting and placement
- d. human resource planning

Ans - a

.....

Re-designing a business process for more efficient and effective results is called

- a. redesigning jobs of workers
- b. assigning additional activities to workers
- c. moving workers from one job to other
- d. reengineering

Ans - d

.....

Term job enlargement means

- a. redesigning jobs for workers
- b. assigning additional activities for workers
- c. moving workers from one job to other
- d. none of above

Ans - b

.....

The existence of both public and private sector enterprises constitutes

- a. capitalist economy
- b. Mixed economy
- c. Socialist economy
- d. None of the above

Ans - b

.....

When we know the quantity of a product that buyers wish to purchase at each possible price, we know

- a. Demand
- b. Supply
- c. Excess demand
- d. Excess supply

Ans - a

.....

A lock-box system

- a. Reduces the need for compensating balances
-

- b. Provides security for late night deposits
- c. Reduces the risk of having checks lost in the mail
- d. Accelerates the inflow of funds

Ans - d

.....

The process by which older members of a society transmit to younger members the social skills is termed as

- a. Literature
- b. Norms
- c. Values
- d. Socialization

Ans - d

.....

Dispute between employees at different levels in an organization is known as

- a. Horizontal conflict
- b. over all conflict
- c. Vertical conflict
- d. Organizational conflict

Ans - c

.....

The employment contract provides a set of rights, responsibilities and obligations that structure the behavior of whom?

- a. Both parties
- b. The employee
- c. The employer
- d. Trade unions

Ans - a

.....

The significant of placement

- a. Improves employee welfare
 - b. Reducing absenteeism
 - c. Reducing accident rates
-

d. All the above

Ans - d

.....

Which of the following is not a major function in cash management?

- a. Cash flow control
- c. Maximizing sales
- b. Cash surplus investment
- d. Obtaining financing services

Ans - c

.....

A precautionary motive for holding excess cash is

- a. To enable a company to meet the cash demands from the normal flow of business activity
- b. To enable a company to avail itself of a special inventory purchase before prices rise to higher levels
- c. To enable a company to have cash to meet emergencies that may arise periodically
- d. To avoid having to use the various types of lending arrangements available to cover projected cash deficits

Ans - c

.....

Which of the following investments is not likely to be a proper investment for temporary idle cash?

- a. Initial public offering of an established profitable conglomerate
- b. Commercial paper
- c. Treasury bills
- d. Treasury bonds due within one year

Ans - a

.....

..... will help to perform the employees' duty effectively

- a. Training
- b. Recruitment
- c. Induction
- d. None of the above

Ans - a

.....

Demand is a function of

- a. Income
- b. Advertisement
- c. Consumers
- d. Price

Ans - d

.....

HR plans of any organization does not include

- a. personnel plans
- b. production plans
- c. compensation plans
- d. training and development plans

Ans - b

.....

Re-designing a business process for more efficient and effective results is called as

- a. redesigning jobs of workers
- b. assigning additional activities to workers
- c. moving workers from one job to other
- d. reengineering

Ans - d

.....

The skills available within the company is

- a. Human Resource Inventory
- b. Human planning Inventory
- c. Manpower Inventory
- d. Employee inventory

Ans - a

.....

Term 'job enrichment' means

- a. redesigning jobs for workers
 - b. assigning additional activities to workers
-

- c. moving workers from one job to other
- d. none of above

Ans - a

.....

Sales Maximisation is suitable for market

- a. oligopoly
- b. duopoly
- c. Monopoly
- d. Monopsony

Ans - a

.....

First step in management by objectives is to

- a. set departmental goals
- b. set organizational goals
- c. set individual goals
- d. discuss departmental goals

Ans - b

.....

Balance sheets are prepared

- a. Daily
- b. Weekly
- c. Monthly
- d. Annually

Ans - d

.....

Capitalism refers to

- a. the use of markets
- b. government ownership of capital goods
- c. private ownership of capital goods
- d. private ownership of homes and cars

Ans – c

.....

A sample of 100 observations is found to have a mean of 428.2 and a standard deviation of 18.4.

1. What is the 90% 2-sided confidence interval for the population mean?
- a. [431.2, 425.2]
 - b. [428.2, 431.2]
 - c. [425.2, 428.2]
 - d. [425.2, 431.2]

Ans - d

Solution:

The standard deviation of the sample mean is $18.4 / \sqrt{100} = 1.84$. The Z-score is 1.645. The precision amount is $1.645 * 1.84 = 3.027$. The confidence interval is [425.2, 431.2].

2. What is the interpretation of the confidence interval in 1)?

- a. There is a 95% probability that the population mean falls within the interval range
- b. There is a 90% probability that the population mean falls within the interval range
- c. There is a 90% probability that the sample mean falls within the interval range
- d. There is a 90% probability that the population mean falls outside the interval range

Ans - b

Solution:

The interpretation has the correct level of confidence, correct population parameter, and correct interval range.

3. What is the 90% 1-sided upper bound confidence interval for the population mean?

- a. $(-\infty, 430.6]$
- b. $(-\infty, 431.2]$
- c. $(-\infty, 428.2]$
- d. $[430.6, \infty)$

Ans - a

Solution:

The standard deviation of the sample mean is $18.4 / \sqrt{100} = 1.84$. The Z-score is 1.282. The precision amount is $1.282 * 1.84 = 2.359$. The confidence interval is $(-\infty, 430.6]$.

4. What is the interpretation of the confidence interval in 3)?

- a. There is a 98% probability that the population mean falls within the interval range
- b. There is a 90% probability that the sample mean falls within the interval range
- c. There is a 90% probability that the population mean falls within the interval range
- d. There is a 95% probability that the population mean falls within the interval range

Ans - c

Solution:

The interpretation has the correct level of confidence, correct population parameter, and correct interval range.

5. What is the 90% 1-sided lower bound confidence interval for the population mean?

- a. [431.2, ∞)
- b. [430.6, ∞)
- c. $(-\infty, 425.8]$
- d. [425.8, ∞)

Ans - d

Solution:

The standard deviation of the sample mean is $18.4 / \sqrt{100} = 1.84$. The Z-score is 1.282. The precision amount is $1.282 * 1.84 = 2.359$. The confidence interval is [425.8, ∞).

6. What is the interpretation of the confidence interval in 5)?

- a. There is a 98% probability that the population mean falls within the interval range
- b. There is a 90% probability that the sample mean falls within the interval range
- c. There is a 90% probability that the population mean falls within the interval range
- d. There is a 95% probability that the population mean falls within the interval range

Ans - c

Solution:

The interpretation has the correct level of confidence, correct population parameter, and correct interval range.

7. What is the 95% 2-sided confidence interval for the population mean?

- a. [424.6, 431.8]
- b. [424.6, 428.2]
- c. $(-\infty, 431.8]$
- d. [424.6, ∞)

Ans - a

Solution:

The standard deviation of the sample mean is $18.4 / \sqrt{100} = 1.84$. The Z-score is 1.960. The precision amount is $1.960 * 1.84 = 3.606$. The confidence interval is [424.6, 431.8].

8. What is the interpretation of the confidence interval in 7)?

- a. There is a 95% probability that the population mean falls outside the interval range
- b. There is a 5% probability that the population mean falls within the interval range
- c. There is a 95% probability that the sample mean falls within the interval range
- d. There is a 95% probability that the population mean falls within the interval range

Ans - d

Solution:

The interpretation has the correct level of confidence, correct population parameter, and correct interval range.

9. What is the 95% 1-sided upper bound confidence interval for the population mean?

- a. $(-\infty, 430.6]$
- b. $(-\infty, 431.2]$
- c. [431.2, ∞)
- d. $(-\infty, 425.2]$

Ans - b

Solution:

The standard deviation of the sample mean is $18.4 / \sqrt{100} = 1.84$. The Z-score is 1.645. The precision amount is $1.645 * 1.84 = 3.027$. The confidence interval is $(-\infty, 431.2]$.

10. What is the interpretation of the confidence interval in 9)?

- a. There is a 98% probability that the population mean falls within the interval range
- b. There is a 99% probability that the population mean falls within the interval range
- c. There is a 95% probability that the sample mean falls within the interval range
- d. There is a 95% probability that the population mean falls within the interval range

Ans - d

Solution:

The interpretation has the correct level of confidence, correct population parameter, and correct interval range.

11. What is the 95% 1-sided lower bound confidence interval for the population mean?

- a. [431.2, ∞)
- b. $(-\infty, 425.2]$
- c. [430.6, ∞)
- d. [425.2, ∞)

Ans - d

Solution:

The standard deviation of the sample mean is $18.4 / \sqrt{100} = 1.84$. The Z-score is 1.645. The precision amount is $1.645 * 1.84 = 3.027$. The confidence interval is [425.2, ∞).

12. What is the interpretation of the confidence interval in 11)?

- a. There is a 98% probability that the population mean falls within the interval range
- b. There is a 90% probability that the sample mean falls within the interval range
- c. There is a 90% probability that the population mean falls within the interval range
- d. There is a 95% probability that the population mean falls within the interval range

Ans - d

Solution:

The interpretation has the correct level of confidence, correct population parameter, and correct interval range.

ABC Ltd completed the transactions listed below. State whether each of the below given transaction would cause the ratio listed opposite it to increase, decrease or remain unchanged.

1. Wrote off bad debt against Allowance for Doubtful Debts - Current ratio

- a. Increase
- b. Decrease
- c. Remain unchanged
- d. None of the above

Ans - c

.....

2. Collected an account receivable - Receivables turnover

- a. Increase
- b. Decrease
- c. Remain unchanged
- d. None of the above

Ans - a

.....

3. Paid accounts payable - Rate of return on total assets

- a. Increase
- b. Decrease
- c. Remain unchanged
- d. None of the above

Ans - a

.....

4. Sold obsolete inventory at cost - Profit margin

- a. Increase
- b. Decrease
- c. Remain unchanged
- d. None of the above

Ans - b

.....

5. Issued a share dividend on ordinary shares - Earnings per share

- a. Increase
- b. Decrease
- c. Remain unchanged
- d. None of the above

Ans - b

.....

6. Sold inventory on account - Inventory turnover

- a. Increase
- b. Decrease
- c. Remain unchanged
- d. None of the above

Ans - a

.....

A high turnover of accounts receivable, which implies a very short days-sales outstanding, could indicate that the firm

- a. Has a relaxed (lenient) credit policy
- b. Offers small discounts
- c. Uses a lockbox system, synchronizes cash flows, and has short credit terms
- d. Has an inefficient credit and collection department

Ans - c

.....

Availability of information systems for updating and integration of learning, recruitment and employee pay, is part of

- a. phased retirement
- b. preretirement counseling
- c. talent management
- d. modifying selection procedure

Ans - c

.....

The claims manager at an insurance company is conducting risk analysis on the firm's automobile policies. The data on 198 policies yielded the following sums of squares on the number of miles driven per year and the number of traffic events (accidents and tickets) per year. The sum of squares for miles driven per year is 217,300. The sum of squares for the traffic events per year is 114. The sum of squares for miles driven times traffic events is 660.

1. What is the correlation between Number of Miles Driven and Number of Traffic Events?

- a. -0.133
- b. 0.133
- c. 0.319
- d. 0.033

Ans - b

Solution:

$$\text{Corr}(\text{Miles Driven}, \text{Traffic Events}) = 660 / (\sqrt{217,300} * \sqrt{114}) = 0.132606$$

2. What is the standard deviation of the correlation?

- a. -0.071
- b. 0.266
- c. 0.046
- d. 0.071

Ans - d

Solution:

$$\text{S.D.}(r) = \sqrt{[1 - (0.132606^2)] / (198 - 2)} = 0.070798$$

3. What is the 95% confidence interval for the population correlation?

- a. [0.271, -0.006]
- b. [-0.006, 0.271]
- c. [-0.006, -0.271]
- d. [0.006, 0.271]

Ans - b

Solution:

$$\rho = 0.132606 \pm 1.96 * 0.070798 \Rightarrow \rho = 0.132606 \pm 0.138764. \rho \in [-0.0062, 0.2714]$$

4. What is the Z-score for the population correlation for a test of $H_0: \rho = 0$?

- a. 0.19
- b. 2.78
- c. 1.87
- d. -1.87

Ans - c

Solution:

$$Z\text{-score} = (0.132606 - 0) / 0.070798 = 1.873$$

5. What is the decision and conclusion for the test of $H_0: \rho = 0$ in 19) with a 5% level of significance?

- a. Do Not Reject H_0 . The number of miles driven and the number of traffic events do not have a direct linear relationship
- b. Do Not Reject H_0 . The number of miles driven and the number of traffic events do not have an inverse linear relationship
- c. Do Not Reject H_0 . The number of miles driven and the number of traffic events do not have a direct non-linear relationship
- d. Reject H_0 . The number of miles driven and the number of traffic events have a direct linear relationship

Ans - a

Solution:

The critical Z-value for a 5% level of significance is ± 1.96 . The calculated Z-score of 1.873 falls into the non-rejection region because it is less than 1.96. The decision is to not reject $H_0: \rho = 0$. There is not sufficient evidence to conclude that the correlation coefficient is significantly different from 0.0. The number of miles driven and the number of traffic events do not have a direct linear relationship.

Return on Investment Ratio (ROI) =

- a. $(\text{Gross profit} / \text{Net sales}) \times 100$
- b. $(\text{Gross profit} \times \text{Sales} / \text{Fixed assets}) \times 100$
- c. $(\text{Net profit} / \text{Sales}) \times 100$
- d. $(\text{Net profit} / \text{Total assets}) \times 100$

Ans - d

Expected level of job performance is classified as

- a. performance standards
- b. profitability standards
- c. subjective standards
- d. criterion standards

Ans - a

..... technique which is systematic collection of performance data from all derived groups

- a. Field Review Method
- b. MBO
- c. 360 degree Feedback
- d. Cost Accounting Method

Ans - c

The company's process ensures that it gets people edge it needs

- a. Recruitment
- b. Motivation
- c. Training
- d. Development

Ans - a

Employees' career hazards are dealt in

- a. coaching
- b. mentoring
- c. career management
- d. career development

Ans - b

A Low Return on Investment Ratio (ROI) indicates

- a. Improper utilization of resources
 - b. Over investment in assets
-

- c. Both 'a' and 'b'
- d. None of the above

Ans - c

Sending employees for higher studies

- a. Process of appraisal
- b. Process of selection
- c. Motivation
- d. Learning and development

Ans - d

No attendance monitoring is pertinent to

- a. career appraisal
- b. Performance appraisal
- c. Compensation and benefits
- d. selection of the employee

Ans - c

'corporate strategy' does not include

- a. diversification
- b. consolidation
- c. cost leadership
- d. vertical integration

Ans - c

All of the following are valid reasons for a business to hold cash and marketable securities except to

- a. Satisfy compensating balance requirements
- b. Maintain adequate cash needed for transactions
- c. Meet future needs
- d. Earn maximum returns on investment assets

Ans - d

Given,

Recoveries of loan and advance	- Rs. 2500 Crores
Misc capital receipt	- Rs. 400 Crores
Market loans	- Rs. 500 Crores
Short term borrowings	- Rs. 1000 Crores
External assistance (Net)	- Rs. 600 Crores
State provident fund	- Rs. 600 Crores
Other receipts (Net)	- Rs. 1000 Crores
Securities issued against small savings	- Rs. 500 Crores
Recoveries of short term loans and advances from states and loans to govt servants	- Rs. 1000 Crores
Total Non Tax Revenue	- Rs. 6000 Crores
Net Tax Revenue	- Rs. 2500 Crores
Draw down cash balance	- Rs. 4500 Crores

Calculate Debt Receipt ...

- a. Rs 1900 Crores
- b. Rs 4200 Crores
- c. Rs 5400 Crores
- d. Rs 6100 Crores

Ans - b

Calculate Non Debt Receipt ...

- a. Rs 1600 Crores
- b. Rs 1900 Crores
- c. Rs 4200 Crores
- d. Rs 6100 Crores

Ans - b

Calculate Capital Receipt ...

- a. Rs 1900 Crores
- b. Rs 2500 Crores
- c. Rs 4200 Crores
- d. Rs 6100 Crores

Ans - d

Solution :

1. Debt Receipt = Market Loans + Short Term Borrowings + External assistance(NET) + Securities issued against Small savings + State provident fund + other Receipts(Net)
= 500 + 1000 + 600 + 500 + 600 + 1000
= 4200 Crores

2. Non Debt Receipt = Recoveries of loan & advances (deduct recoveries of short term loans & advance from state and loans to govt sarvants) + Misc Capital receipts
= (2500-1000)+400
= 1900 Crores

3. Capital Receipt = Debt Receipt + Non Debt Receipt
= 4200 + 1900
= 6100 Crores

Assigning HR management financial and non-financial goals, to achieve aims and monitor results will be

- a. HR scorecard
- b. HR digital dashboard
- c. both A and B
- d. none of above

Ans - a

Which of the following actions would not be consistent with good management?

- a. Increased synchronization of cash flows
- b. Minimize the use of float
- c. Maintaining an average cash balance equal to that required as a compensating balance or that which minimizes total cost
- d. Use of checks and drafts in disbursing funds

Ans - b

When managing cash and short-term investments, a corporate treasurer is primarily concerned with

- a. Maximizing rate of return
 - b. Minimizing taxes
 - c. Investing in Treasury bonds since they have no default risk
-

d. Liquidity and safety

Ans - d

When prediction about future is based on the assumption that the firm does not change the course of its action is forecast

- a. Passive
- b. Active
- c. Short run
- d. Long run

Ans - a

..... method used to knowledge and attitudinal development of trainees

- a. Class room training method
- b. Group discussion method
- c. Simulation exercises
- d. Role playing

Ans - b

In Performance Appraisal

- a. The Supervisor measure the pay of employees and compare it
- b. The supervisors analyses the factors behind work performance
- c. Employers are in position to guide
- d. All the above

Ans - d

In traditional focus, ratings or rewards are part of

- a. training and development
- b. performance appraisal
- c. recruiting and placement
- d. human resource planning

Ans – b

In talent management end to end process, workforce and succession planning leads to

- a. compensation management
- b. performance management
- c. learning management systems
- d. e-recruiting

Ans - a

.....

Business cycle also known as

- a. trade cycle
- b. contraction
- c. expansion
- d. upper tuning point

Ans - a

.....

Which of the following best defines price discrimination?

- a. Charging different prices on the basis of race.
- b. charging different prices for goods with different cost of production
- c. charging different prices based on cost of service difference
- d. selling a certain product of given quality and cost per unit at different prices to different buyers.

Ans - d

.....

Cash Flow Statement is also known as

- a. Statement of Changes in Financial Position on Cash basis
- b. Statement accounting for variation in cash
- c. Both a and b
- d. None of the above

Ans - c

.....

Profit for the objective of calculating a ratio may be taken as

- a. Profit before tax but after interest
 - b. Profit before interest and tax
-

- c. Profit after interest and tax
- d. All of the above

Ans - d

.....

What is job Hazards?

- a. challenges and struggles
- b. Distractions and problems
- c. Difficulties and complications
- d. Obstacles and obstructions

Ans - d

.....

Content of job specification statement

- a. Required education
- b. Health and physical fitness
- c. Appearance
- d. All the above

Ans - d

.....

Personal qualities and traits required for job is stated in

- a. job descriptions
- b. job analysis
- c. job specifications
- d. Both A and C

Ans - c

.....

A recession is

- a. A period during which aggregate output declines
- b. A period of declining unemployment
- c. A period of very rapidly declining prices
- d. A period of declining prices

Ans – a

.....

Which of the following statements are true about Ratio Analysis?

- A) Ratio analysis is useful in financial analysis
- B) Ratio analysis is helpful in communication and coordination
- C) Ratio Analysis is not helpful in identifying weak spots of the business
- D) Ratio Analysis is helpful in financial planning and forecasting

- a. A, B and D
- b. A, C and D
- c. A, B and C
- d. A, B, C, D

Ans - a

Which one is not collusive oligopoly

- a. price leadership
- b. market sharing cartel
- c. price discrimination
- d. price fixing cartel

Ans - b

A job enrichment is a way to

- a. motivate employees
- b. compensate employs
- c. staffing new employees
- d. all of above

Ans - a

A firm following an aggressive working capital strategy would

- a. Hold substantial amount of fixed assets
- b. Minimize the amount of short-term borrowing
- c. Finance fluctuating assets with long-term financing
- d. Minimize the amount of funds held in very liquid assets

Ans - d

The manager at an electricity power plant wants to get a better idea of how the weather affects the demand for its electricity. The data on 102 summer days yielded the following sums of squares. The sum of squares for maximum daily temperature is 10,250. The sum of squares for the daily kilowatt-hours of electricity is 7,820. The sum of squares for temperature times electricity use is 7,370

1. What is the correlation between Maximum Daily Temperature and Total Daily Kilowatt-hours?

- a. 0.177
- b. 0.823
- c. 0.749
- d. -0.823

Ans - b

Solution:

$$\text{Corr}(\text{Temperature, Kilowatt-hours}) = 7,370 / (\sqrt{10,250} * \sqrt{7,820}) = 0.823194$$

.....

2. What is the standard deviation of the correlation?

- a. 0.075
- b. 0.063
- c. 0.238
- d. 0.057

Ans - d

Solution:

$$\text{S.D.}(r) = \sqrt{[1 - (0.823194)^2] / (102 - 2)} = 0.056776$$

.....

3. What is the 95% confidence interval for the population correlation?

- a. [0.935, 0.712]
- b. [0.572, 0.872]
- c. [-0.712, -0.935]
- d. [0.712, 0.935]

Ans - d

Solution:

$$\rho = 0.823194 \pm 1.96 * 0.056776 \Rightarrow \rho = 0.823194 \pm 0.111281. \rho \in [0.7119, 0.9345]$$

.....

4. What is the Z-score for the population correlation for a test of $H_0: \rho = 0$?

- a. 14.5
- b. 7.3
- c. 3.1
- d. -14.5

Ans - a

Solution:

$$Z\text{-score} = (0.823194 - 0) / 0.056776 = 14.499$$

5. What is the decision and conclusion for the test of $H_0: \rho = 0$ in 14) with a 5% level of significance?

- a. Reject H_0 . The daily maximum temperature and the number of kilowatt-hours of electricity used have an inverse linear relationship
- b. Do Not Reject H_0 . The daily maximum temperature and the number of kilowatt-hours of electricity used have a direct linear relationship
- c. Reject H_0 . The daily maximum temperature and the number of kilowatt-hours of electricity used have a direct linear relationship
- d. Reject H_0 . The daily maximum temperature and the number of kilowatt-hours of electricity used have a direct linear relationship

Ans - c

Solution:

The critical Z-value for a 5% level of significance is ± 1.96 . The calculated Z-score of 14.5 falls into the rejection region because it is greater than 1.96. The decision is to reject $H_0: \rho = 0$. There is sufficient evidence to conclude that the correlation coefficient is significantly different from 0.0. The daily maximum temperature and the number of kilowatt-hours of electricity used have a direct linear relationship.

The working capital financing policy that subjects the firm to the greatest risk of being unable to meet the firm's maturing obligations is the policy that finances

- a. Fluctuating current assets with long-term debt
- b. Permanent current assets with long-term debt
- c. Permanent current assets with short-term debt
- d. Fluctuating current assets with short-term debt

Ans - c

A budget is the summary of

- a. Proper allocation of resources
- b. Income reallocation
- c. Resource reallocation
- d. Revenue and expenditure

Ans - d

The budget deficit refers to the difference between all-revenue and expenditure of

- a. Revenue account only
- b. Increased government expenditure
- c. Capital account only
- d. Both revenue and capital accounts

Ans - d

Borrowing from capital market is a part of

- a. Revenue budget
- b. Capital budget
- c. Both a and b
- d. None of these

Ans - b

Funds, which do not belong to the government, are?

- a. Consolidated fund
- b. Contingency fund
- c. Public accounts
- d. None of the above

Ans - c

A producer's positively sloped supply curve for a commodity represents

- a. In one sense a maximum and in another sense a minimum boundary of the producer's intentions.
 - b. A maximum boundary of the producer's intentions.
-

- c. A minimum boundary of the producer's intentions.
- d. None of the above.

Ans - a

.....

Interest is reward for parting with liquidity according to

- a. B. Ohlin
- b. Von Haberler
- c. J.M.Keynes
- d. Alfred Marshall

Ans - c

.....

The statement that 'economics is positive and not normative' means

- a. That economics can be used to prove that capitalism is better than socialism.
- b. That economics tells us what kind of economic behaviour or policy is wholesome.
- c. That economics tells policymakers which alternative to choose from among several efficient ones.
- d. That economics can only indicate consequences of policies, choices, or conditions.

Ans - d

.....

The main difference between positive economics and normative economics is that the former

- a. Discusses the ethical implications of its laws.
- b. Concerns itself only with hypotheses which can generally be tested.
- c. Is based on the value judgements of economists.
- d. Considers carefully the political significance of its laws for a democratic society.

Ans - b

.....

Which budget in India is passed separately?

- a. Airlines
- b. Railways
- c. Defence
- d. Atomic energy

Ans - b

.....

Perfect competition is said to exist if

- a. There are homogenous products
- b. Each firm in the industry accepts the market price because it has to accept it
- c. Price is fixed not by a firm
- d. All of the above

Ans - d

.....

Consumer's surplus is highest in case of

- a. Luxuries
- b. Necessities
- c. Comforts
- d. Conventional necessities.

Ans - b

.....

A "Giffen Goods" is one for which, in response to a small change in price

- a. A zero income effect is just outweighed by a positive substitution effect.
- b. A negative income effect is just outweighed by a positive substitution effect.
- c. A zero income effect is matched by a zero substitution effect.
- d. A negative income effect outweighed any substitution effect.

Ans - b

.....

In the typical demand schedule, quantity demanded

- a. Varies directly with price.
- b. Varies proportionately with price
- c. Is independent of price
- d. Varies inversely with price

Ans - d

.....

Law of demand states that when

- a. Income rises demand rises.
 - b. Price rises demand rises.
-

- c. Price falls demand falls.
- d. Price falls demand rises

Ans - d

.....

The law of demand indicates

- a. The relationship between income and quantity demanded
- b. The relationship between price of a commodity and price of its substitutes
- c. The relationship between price of two commodity
- d. The relationship between the price of commodity and the quantity demanded

Ans - d

.....

Which of the following conditions is required condition for the operation of law of demand?

- a. Price of substitute change
- b. Income and Taste of consumer remains constant
- c. Production does not increase
- d. Taste of the consumer change

Ans - b

.....

Demand curve shows

- a. Inverse relationship between quantity demanded and its cost of production.
- b. Inverse relationship between the rate of change of demand and price.
- c. Inverse relationship between the rate of change in demand and cost of production at a given times.
- d. Direct relationship between the demand and the price of a commodity at a given time.

Ans - b

.....

When we say that a demand curve for a commodity slopes downwards to the right we mean

- a. More of the commodity will be demanded as income increase
- b. More of the commodity will be demanded as the price of the substitutes falls.
- c. More of the commodity will be demanded as population rise.
- d. More of the commodity will be demanded as its own price falls.

Ans - d

.....

Calculate budgetary deficit from following data (Rs. in crore) :

- (i) Revenue expenditure - 60,000
- (ii) Capital expenditure - 30,000
- (iii) Revenue receipts - 50,000
- (iv) Capital receipts - 25,000

- a. Rs. 15,000 crore
- b. Rs. 25,000 crore
- c. Rs. 50,000 crore
- d. Rs. 55,000 crore

Ans - a

Solution :

$$\begin{aligned} \text{Budgetary Deficit} &= \text{Revenue expenditure} + \text{Capital expenditure} - (\text{Revenue receipts} + \text{Capital receipts}) \\ &= \text{Rs. } 60,000 \text{ crore} + \text{Rs. } 30,000 \text{ crore} - \text{Rs. } 50,000 \text{ crore} - \text{Rs. } 25,000 \text{ crore} \\ &= \text{Rs. } 90,000 \text{ crore} - \text{Rs. } 75,000 \text{ crore} \\ &= \text{Rs. } 15,000 \text{ crore} \end{aligned}$$

Time-series analysis is based on the assumption that

- a. random error terms are normally distributed
- b. there are dependable correlations between the variable to be forecast and other independent variables
- c. past patterns in the variable to be forecast will continue unchanged into the future
- d. the data do not exhibit a trend

Ans - c

The demand function for a commodity is defined as

- a. Quantity demanded as a function of the goods, own price, the price of the substitute and the buyer's income
- b. Price of Substitutes as a functions of the goods own prices
- c. Quantity demanded as a function of tne price of other goods
- d. All the above

Ans - a

Economics may be divided into macro-economics and micro-economics. Among the subject matter of micro economics may be found

- a. The nature of value in exchange.
- b. The size of a country's national income
- c. The allocation of resources among competing uses
- d. The relative prices of specific services.

Ans - d

A fire in a factory delaying production for some weeks is

- a. Irregular Trend
- b. Seasonal Trend
- c. Secular Trend
- d. Cyclical Trend

Ans - a

The best fitted trend line is one for which sum of squares of residuals or errors is

- a. Minimum
- b. Maximum
- c. Postive
- d. Negative

Ans - a

Which ONE of these sample sources will be the most incomplete for a sample of nationally representative households?

- a. The Electoral Register.
- b. The postcode address file (PAF).
- c. Telephone directories.
- d. A customer database.

Ans - d

Prosperity, Recession and depression in a business is an example of

- a. Cyclical Trend
- b. Irregular Trend
- c. Secular Trend
- d. Seasonal Trend

Ans - a

Calculate budgetary deficit from following data (Rs. in crore) :

- (i) Revenue expenditure - 60,000
- (ii) Capital expenditure - 30,000
- (iii) Revenue receipts - 50,000
- (iv) Capital receipts - 25,000

- a. Rs. 15,000 crore
- b. Rs. 25,000 crore
- c. Rs. 50,000 crore
- d. Rs. 55,000 crore

Ans - a

Solution :

Budgetary Deficit = Revenue expenditure + Capital expenditure - (Revenue receipts + Capital receipts)
= Rs. 60,000 crore + Rs. 30,000 crore – Rs. 50,000 crore – Rs. 25,000 crore
= Rs. 90,000 crore – Rs. 75,000 crore
= Rs. 15,000 crore

Given the following data (Rs. in lakh), Calculate :

- (i) Borrowing by the government - 600
- (ii) Revenue receipts - 100
- (iii) Capital receipts - 750
- (iv) Interest payment by the government - 150

1. Fiscal deficit

- a. Rs. 150 lakh
 - b. Rs. 300 lakh
 - c. Rs. 450 lakh
-

d. Rs. 600 lakh

2. Primary Deficit

- a. Rs. 150 lakh
- b. Rs. 300 lakh
- c. Rs. 450 lakh
- d. Rs. 600 lakh

Ans - 1-d, 2-c

Solution :

1. Fiscal Deficit = Borrowing by the government
= Rs. 600 lakh

2. Primary Deficit = Fiscal deficit - Interest payment by the government
= Rs. 600 lakh - Rs. 150 lakh
= Rs. 450 lakh

Sampling means following a sequence of stages. Which ONE of the following stages should come before the others?

- a. Proceed with the fieldwork.
- b. Find suitable source for the population members.
- c. Define the people of interest.
- d. Examine the objective of the study.

Ans - d

Deficit financing means

- a. Difference in borrowing and internal and external resources
- b. Capital expenditure on items of public construction, public enterprises and public borrowings
- c. Government spends in excess of revenue and capital receipts so that budget deficit is incurred which is financed by borrowing from the RBI.
- d. Difference of total expenditure and income by revenue from all sources

Ans - c

Precision of random sample

- a. increases directly with increase in sample size
- b. increases with the increase in sample size
- c. increases proportionately with sample size
- d. none of the above

Ans - c

.....

A fall in the price of a commodity leads to

- a. A shift in demand
- b. A fall in demand
- c. A fall in the consumers real income
- d. A rise in the consumers real income

Ans - d

.....

An exceptional demand curve is one that slopes

- a. Upward to the left
- b. Upward to the right
- c. Downward to the right
- d. Horizontal

Ans - b

.....

Which one is not an exception to the Law of Demand?

- a. Ignorance
- b. Inferior good
- c. Normal good
- d. Articles of Distinction

Ans - c

.....

Demand for a commodity is elastic when has

- a. Only one use
 - b. Many Use
-

- c. Uses, which cannot be postponed
- d. Uses very essential for the consumer

Ans - b

.....

The need for deficit financing in India arises due

- a. Failure of the government to mobilize the desired volume of surplus for the public sector plans.
- b. The rapidly growing expenditure incurred by the government
- c. Neither A nor B
- d. Both A and B

Ans - d

.....

Deficit financing leads to

- a. Inflation
- b. Capital formation
- c. Neither A nor B
- d. Both A and B

Ans - d

.....

The direct effect of deficit financing is

- a. Deficit financing leads to extra money supply which in turn pushes up prices
- b. Demand and supply both increase
- c. The price situation comes under complete control
- d. Deficit financing leads to extra money supply, which in turn makes market more & more competitive.

Ans - a

.....

Grants—in-aid given by the Centre to the states is meant

- a. To cover the gaps on revenue accounts
- b. For flood control
- c. For boosting agriculture in the State
- d. For financing State plan projects

Ans - a

.....

The effect of deficit financing is

- a. Never inflationary
- b. Always inflationary
- c. Sometimes inflationary and sometimes not so depending on conditions of the economy and the dose of deficit financing.
- d. None of these

Ans - c

The finance commission is appointed every

- a. 7 years
- b. 6 years
- c. 5 years
- d. 3 years

Ans - c

"Interest is the reward for pure waiting." Which theory of interest explains it?

- a. Time Preference Theory
- b. Classical Theory
- c. Liquidity Preference Theory
- d. Loanable Funds Theory

Ans - b

What is not true for the Classical theory of interest?

- a. Demand and Supply Theory
- b. Saving-Investment Theory
- c. Non-monetary Theory
- d. Monetary Theory of Interest

Ans - d

The Loanable Funds Theory of interest is also known as

- a. The neo-classical theory of interest
-

- b. The classical theory of interest
- c. The real theory of interest
- d. The modern theory of interest

Ans - a

.....

Rate of interest is a function of I, S, M, $r = f(I, S, M, L)$ is explained by which of the following theories?

- a. Liquidity Preference Theory
- b. Saving-Investment Theory
- c. Loanable Funds Theory
- d. Modern Theory

Ans - c

.....

For which of the following motives for liquidity preference, the demand for liquidity is determined by the rate of interest?

- a. Transaction motive
- b. Precautionary motive
- c. Speculative motive
- d. All the three motives.

Ans - c

.....

Which of the following is known as monetary theory of interest?

- a. Loanable Funds Theory
- b. Modern Theory
- c. Liquidity Preference Theory
- d. Saving-Investment Theory

Ans - c

.....

Which of the following assumptions is not correct in relation to Hicks' theory of business cycle ?

- a. The equilibrium of the economy is influenced by changes in consumption and investment
 - b. Full employment is the ceiling of expansion
 - c. Autonomous investment increases at some constant rate even during depression
-

d. Accelerator remains operative in all phases of business cycle, but the multiplier stops operating during depression

Ans - d

What is not true of the modern theory of interest?

- a. Neo-Keynesian Theory
- b. Hicks and Hansen's synthesis
- c. Monetary Theory
- d. IS-LM Curves Analysis

Ans - c

Which of the following is not a characteristic of business cycles?

- a. Recurrent in nature
- b. Periodicity
- c. Regular
- d. Cumulative

Ans - c

Who gave innovation theory of business cycles ?

- a. Pigou
- b. Hobson
- c. Schumpeter
- d. J. Tinbergen

Ans - c

What test statistic is used for a global test of significance?

- a. Z test
- b. t test
- c. Chi-square test
- d. F test

Ans - d

Given the following data (Rs. in crore)

- a. Gross national product at factor cost - 6,150
- b. Net exports - (-)50
- c. Compensation of employees - 3,000
- d. Rent - 800
- e. Interest - 900
- f. Undistributed Profit - 1,300
- g. Net indirect taxes - 300
- h. Net domestic capital formation - 800
- i. Gross fixed capital formation - 850
- j. Change in stock - 50
- k. Dividend - 300
- l. Factor income to abroad - 80

1. calculate Net Domestic Product at factor cost

- a. 3900 crore
- b. 6300 crore
- c. 6700 crore
- d. 8550 crore

Ans - b

2. Gross Domestic Product at Market Price

- a. 3900 crore
- b. 6300 crore
- c. 6700 crore
- d. 8550 crore

Ans - c

Solution:

1. NDP at factor cost = Compensation of employees + Rent + Interest + Undistributed Profit + Dividend + Mixed income
= Rs 3,000 crore + Rs 800 crore + Rs 900 crore + Rs 1,300 crore + Rs 300 crore
= Rs 6,300 crore

2. Gross Domestic Product at Market Price = NDP at factor cost + Net Indirect taxes + Consumption of fixed capital (depreciation)
= Rs 6,300 crore + Rs 300 crore + (Rs 850 crore + Rs 50 crore - Rs 800 crore)
= Rs 6,300 crore + Rs 300 crore + Rs 100 crore

= Rs 6,700 crore

Note: Consumption of fixed capital (depreciation) = Gross fixed capital formation + Change in stock – Net domestic capital formation

Suppose a researcher is concerned with a nominal scale that identifies users versus nonusers of bank credit cards. The measure of central tendency appropriate to this scale is

- a. mean
- b. median
- c. mode
- d. average

Ans - c

From the following data,

Sales - Rs. 11000
Change in stock - Rs. 680
Intermediate Consumption - Rs. 2370
Depreciation - Rs. 450
Wages and salaries - Rs. 5400
Interest - Rs. 250
Rent - Rs. 750
Profit - Rs. 2150
Net indirect Taxes - Rs. 310
Students scholarship - Rs 75

1. Calculate the net value added at factor cost

- a. 3900 crore
- b. 6300 crore
- c. 6700 crore
- d. 8550 crore

Ans - d

2. Calculate the Sum of Factor Incomes

- a. 3900 crore
 - b. 6300 crore
 - c. 6700 crore
-

d. 8550 crore

Ans - d

Solution :

1. Net Value added at Factor Cost = Sales + increase in stock – Intermediate Consumption – Depreciation
- Net Indirect Taxes

$$= 11000 + 680 - 2370 - 450 - 310$$
$$= \text{Rs. } 8550$$

2. Sum of Factor Incomes = Wages & salaries + Interest + Rent + Profit

$$= 5400 + 250 + 750 + 2150$$
$$= \text{Rs } 8550$$

Hence shown, Net Value added at Factor Cost = Sum of Factor Incomes = Rs 8550

From the following data (Rs. in Crores),

Net Domestic capital formation - 500

Compensation of employees - 1850

Consumption of fixed capital (Depreciation) - 100

Govt. Final Expenditure - 1100

Private Final consumption Expenditure - 2600

Rent - 400

Dividend - 200

Interest - 500

Net Exports - (-) 100

Undistributed Profits - 900

Net Factor Income From Abroad (income from abroad – income to abroad) - (-) 50

Net Indirect Taxes (indirect Tax – Subsidy) - 250

1. Calculate GNP at factor cost by Income Method

- a. 3900 crore
- b. 6300 crore
- c. 6700 crore
- d. 8550 crore

Ans - a

2. Calculate GNP at factor cost by Expenditure Method

- a. 3900 crore
- b. 6300 crore
- c. 6700 crore
- d. 8550 crore

Ans - a

Solution :

1. Income Method

GNPFC = (Compensation of employees + Rent + Interest + Undistributed Profits + Dividend) + Net Factor Income from Abroad + Consumption of fixed capital
= 1850 + (400 + 500 + 900 + 200) + (-) 50 + 100
= 3900 Crore

Note:

- o GNPFC = NNPFC + Consumption of fixed capital
- o NNPFC or National Income = Compensation of employees + Rent + Interest + Undistributed Profits + Dividend + Net Factor Income from Abroad
- o Compensation of employees is income from work which includes wages and salaries in kind and cash, and contribution to social securities

2. Expenditure Method

GNPFC = GNPMP - Net Indirect Taxes
Private Final consumption Expenditure + (Net Domestic capital formation + consumption of fixed capital) + Govt. Final consumption Expenditure + Net Exports + Net Factor Income from Abroad - Net Indirect Taxes
= 1100 + 2600 + (500 + 100) + (-) 100 + (-) 50 - 250
= 3900 Crore

Note

- o GNPMP = Private Final consumption Expenditure + Gross Domestic capital formation + Govt. Final consumption Expenditure + Net Export + Net Factor Income from Abroad
 - o Gross Domestic capital formation = Net Domestic capital formation + Consumption of fixed capital)
 - o Export - Import = Net Export
 - o Net Factor Income from Abroad = Factor Income from Abroad - Factor Income Paid to Abroad
 - o GNPFC = GNPMP - Indirect tax + Subsidy
= GNPMP - (Indirect tax - subsidy)
= GNPMP - Net Indirect tax
-

Total expenditure of a government budget is Rs. 75,000 crore and total receipts is Rs. 45,000 crore. How much is the budget deficit?

- a. Rs. 30,000 crore
- b. Rs. 45,000 crore
- c. Rs. 75,000 crore
- d. Rs. 1,20,000 crore

Ans - a

Solution :

Budget Deficit = Total expenditure - Total receipts
= Rs. 75,000 crore – Rs. 45,000 crore
= Rs. 30,000 crore

The root-mean-square error is a measure of

- a. sample size
- b. moving average periods
- c. exponential smoothing
- d. forecast accuracy

Ans - d

If “time” is used as the independent variable in a simple linear regression analysis, then which of the following assumption could be violated

- a. There is a linear relationship between the independent and dependent variables
- b. The residual variation is the same for all fitted values of Y
- c. The residuals are normally distributed
- d. Successive observations of the dependent variable are uncorrelated

Ans - d

The amount of current assets required to meet a firm's long-term minimum needs is referred to as working capital.

- a. permanent
 - b. temporary
 - c. net
-

d. gross

Ans - a

.....

Convenience sampling is an example of

- a. probabilistic sampling
- b. stratified sampling
- c. nonprobabilistic sampling
- d. cluster sampling

Ans - c

.....

Multicollinearity exists when

- a. Independent variables are correlated less than -0.70 or more than 0.70
- b. An independent variables is strongly correlated with a dependent variable
- c. There is only one independent variable
- d. The relationship between dependent and independent variable is non-linear

Ans - a

.....

The greatest smoothing effect is obtained by using

- a. a moving average based on a small number of periods
- b. exponential smoothing with a small weight value
- c. the root-mean-square error
- d. the barometric method

Ans - b

.....

Which of the following illustrates the use of a hedging (or matching) approach to financing?

- a. Short-term assets financed with long-term liabilities
- b. Permanent working capital financed with long-term liabilities
- c. Short-term assets financed with equity
- d. All assets financed with a 50 percent equity, 50 percent long-term debt mixture

Ans - b

.....

Your firm has a philosophy that is analogous to the hedging (maturity matching) approach. Which of the following is the most appropriate non-spontaneous form for financing the excess seasonal current asset needs?

- a. Trade credit
- b. 6-month bank notes
- c. Accounts payable
- d. Common stock equity

Ans - b

To financial analysts, "net working capital" means the same thing as

- a. total assets
- b. fixed assets
- c. current assets
- d. current assets minus current liabilities.

Ans - d

The amount of current assets that varies with seasonal requirements is referred to as working capital.

- a. permanent
- b. net
- c. temporary
- d. gross

Ans - c

Tool used in performance appraisal measurement which distribute ratings of performance along bell shaped curve is classified as

- a. graphic rating scale
- b. ranking
- c. forced distribution
- d. checklist scale

Ans - c

Having defined working capital as current assets, it can be further classified according to

- a. financing method and time
- b. rate of return and financing method
- c. time and rate of return
- d. components and time

Ans - d

Determining duties and characteristics of positions to be staffed is

- a. job descriptions
- b. job analysis
- c. job specifications
- d. both A and C

Ans - b

A market is said to be efficient

- a. if quantity demanded and the quantity supplied are the same
- b. if both consumer surplus and the producer surplus are maximised
- c. if the sum of the producer surplus and the consumer surplus is maximised
- d. both a and c

Ans - d

In an oligopolistic market, there are

- a. a large number of sellers and few buyers
- b. few sellers and few buyers
- c. few sellers and large number of buyers
- d. only one seller

Ans - c

In talent management end to end process, learning management systems lead to

- a. succession planning
 - b. performance management
-

- c. compensation management
- d. e-recruiting

Ans - d

.....

Supply of services by outside vendors that are done previously by in-house employees is

- a. outsourcing
- b. off shoring
- c. alternative staffing
- d. none of above

Ans - a

.....

Accounts receivable turnover will normally decrease as a result of

- a. The write-off of an uncollectible account (assume the use of the allowance for doubtful accounts method)
- b. A significant sales volume decrease near the end of the accounting period
- c. An increase in cash sales in proportion to credit sales
- d. A change in credit policy to lengthen the period for cash discounts

Ans - d

.....

Compared to other firms in the industry, a company that maintains a conservative working capital policy will tend to have a

- a. Greater percentage of short-term financing
- b. Greater risk of needing to sell current assets to repay debt
- c. Higher ratio of current assets to fixed assets
- d. Higher total asset turnover

Ans - c

.....

Listing of performance of employees according to specific order from high performer to lower performer is classified as

- a. forced distribution
 - b. checklist scale
 - c. graphic rating scale
-

d. ranking

Ans - d

.....

Process of evaluating performance of employees, comparing performances to set standards and communicating it to employees is called

- a. performance appraisal
- b. subjective appraisal
- c. criterion appraisal
- d. employee development appraisal

Ans - a

.....

Process of identifying, assessing and developing leadership is called

- a. Employment planning
- b. Human resource planning
- c. Succession planning
- d. all of above

Ans - c

.....

Determining the appropriate level of working capital for a firm requires

- a. Evaluating the risks associated with various levels of fixed assets and the types of debt used to finance these assets
- b. Changing the capital structure and dividend policy for the firm
- c. Maintaining short-term debt at the lowest possible level because it is ordinarily more expensive than long term debt
- d. Offsetting the profitability of current assets and current liabilities against the probability of technical insolvency

Ans - d

.....

The price elasticity of demand is

- a. percentage change in the price of one will decrease the demand for the other
 - b. an increase in the price of one will increase the demand for the other
 - c. a decrease in the price of one will increase the demand for the other
-

.....
d. a decrease in the price of one will have no effect on the demand for the other

Ans - c
.....

A relative change in quantity demanded is less than the relative change in money income is
income elasticity

- a. high
- b. zero
- c. negative
- d. low

Ans - d
.....

Which of the following statements are true?

- A) Cash flow reveals only the inflow of cash
- B) Cash flow reveals only the outflow of cash
- C) Cash flow is a substitute for income statement
- D) Cash flow statement is not a replacement of funds flow statement.

- a. Only A
- b. Only B
- c. Both B and C
- d. Only D

Ans - d
.....

If outside vendors abroad supply services that are previously done by in-house employees will be called
.....

- a. outsourcing
- b. off shoring
- c. alternative staffing
- d. none of above

Ans - b
.....

The essential aspects of oligopoly is

- a. excess capacity
- b. non-price competition
- c. a large number of firms
- d. mutual recognition of interdependence.

Ans - d

HR plans of any organization does not include

- a. personnel plans
- b. production plans
- c. compensation plans
- d. training and development plans

Ans - b

Division of work to take the advantage of

- a. Discipline
- b. Specialization
- c. Aptitude
- d. Productivity

Ans - b

Process which consists how and what positions are to be filled is called

- a. Employment planning
- b. Human resource planning
- c. Succession planning
- d. all of above

Ans - d

Study of different employment needs of company is

- a. ratio analysis
 - b. scatter plot
-

- c. trend analysis
- d. all of above

Ans - c

.....

An outline of chain of command and reporting relationships in form of chart, is stated in

- a. organization chart
- b. process chart
- c. process management
- d. production unit

Ans - a

.....

In relatively elastic demand ED is

- a. $E=1$
- b. $E=0$
- c. $E>1$
- d. $E<1$

Ans - c

.....

Which is not a determinant of demand?

- a. income
- b. the cost of inputs in production
- c. the prices of related goods
- d. future price expectations

Ans - b

.....

People demand more of product X when the price of product Y decreases. This means X and Y are

- a. complements
- b. substitutes
- c. not related
- d. both inepensive

Ans - b

.....

Derived demand is directly determined by

- a. utility
- b. the profitability of using inputs to produce output
- c. the ability to satisfy consumer desires
- d. personal consumption

Ans - b

.....

Workflow detailed picture is called

- a. organization chart
- b. process chart
- c. process management
- d. production unit

Ans - b

.....

Determining type of people, which a company needs for job is referred as

- a. job descriptions
- b. job analysis
- c. job specifications
- d. both A and C

Ans - c

.....

Job analysis is must for employees'

- a. training
- b. performance appraisal
- c. compensations
- d. all of above

Ans - d

.....

Competency-based-job-analysis means defining job in terms of

- a. measureable competency
 - b. behavioral competency
-

- c. observable competency
- d. all of above

Ans - d

.....

For inferior commodities income effect is

- a. zero
- b. negative
- c. infinite
- d. positive

Ans - b

.....

Reporting relationships and working conditions related to a job is stated in

- a. job descriptions
- b. job analysis
- c. job specifications
- d. Both A and C

Ans - a

.....

While writing job description, major functions or activities are written in

- a. job summary
- b. responsibilities and duties
- c. job identification
- d. both b and c

Ans - a

.....

Oral examination of candidates for employment is

- a. Placement
- b. Screening
- c. Interview
- d. Selection

Ans - c

.....

If Receipts and Expenditures of the Central Government as per Budget 2017-18 are as given below

1. Revenue Receipts - 1515771
2. Tax Revenue - 1227014
3. Non-Tax Revenue - 288757
4. Capital Receipts - 630964
5. Recovery of Loans - 11933
6. Other Receipts - 72500
7. Borrowings and Other Liabilities - 546531
8. Expenditure On Revenue Account of which - 1836934
9. Interest Payments - 523078
10. Grants in Aid for creation of capital assets - 195350
11. Expenditure On Capital Account - 309801

Find

1. Total Receipts

- a. 2075416
- b. 2146735
- c. 2345425
- d. 2536289

2. Total Expenditure

- a. 2075416
- b. 2146735
- c. 2345425
- d. 2536289

3. Revenue Deficit

- a. 546531
- b. 321163
- c. 125813
- d. 23453

4. Effective Revenue Deficit

- a. 546531
- b. 321163
- c. 125813
- d. 23453

5. Fiscal deficit

- a. 546531
- b. 321163
- c. 125813
- d. 23453

6. Primary Deficit

- a. 546531
- b. 321163
- c. 125813
- d. 23453

Solution

1. b

$$\begin{aligned} \text{Total Receipts} &= \text{Revenue Receipts} + \text{Capital Receipts} \\ &= 1515771 + 630964 = 2146735 \end{aligned}$$

2. b

$$\begin{aligned} \text{Total Expenditure} &= \text{Revenue Expenditure} + \text{Capital Expenditure} \\ &= 1836934 + 309801 = 2146735 \end{aligned}$$

3. b

$$\begin{aligned} \text{Revenue Deficit} &= \text{Revenue Expenditure} - \text{Revenue Receipts} \\ &= 1836934 - 1515771 = 321163 \end{aligned}$$

4. c

$$\begin{aligned} \text{Effective Revenue Deficit} &= \text{Revenue Deficit} - \text{Grants in Aid for creation of capital assets} \\ &= 321163 - 195350 = 125813 \end{aligned}$$

5. a

$$\begin{aligned} \text{Fiscal deficit} &= \text{Total Expenditure} - \text{Total Receipts net of Borrowings and other liabilities (Revenue Receipts + Recovery of Loans + Other Receipts)} \\ &= 2146735 - (1515771 + 11933 + 72500) \\ &= 546531 \end{aligned}$$

6. d

$$\begin{aligned} \text{Primary Deficit} &= \text{Fiscal deficit} - \text{Interest payments} \\ &= 546531 - 523078 \\ &= 23453 \end{aligned}$$

A college senior is interested in determining the relationship between her GPA and her weekly hours of study for her prior 6 terms in college. The data on her GPAs and hours of study, in the form of (Hours of Study, GPA), are (2.8, 12), (3.0, 15), (3.0, 18), (3.1, 20), (3.5, 30), and (3.9, 42).

1. What is the sum of squares for Hours of Study?

- a. 3,757.0
- b. 628.8
- c. 137.0
- d. 25.1

Ans - b

Solution:

$$\text{The SSHours} = 3,757 - 1372/6 = 628.833$$

.....

2. What is the sum of squares for GPA?

- a. 0.828
- b. 628.8
- c. 0.883
- d. 2.717

Ans - a

Solution:

$$\text{The SSGPA} = 62.91 - 19.32/6 = 0.828$$

.....

3. What is the sum of squares for Hours times GPA?

- a. 463.4
- b. 137.0
- c. 22.717
- d. 19.3

Ans - c

Solution:

$$\text{The SSHours*GPA} = 463.4 - 19.3*137/6 = 22.717$$

.....

4. What is the covariance between Hours of Study and GPA?

- a. 4.543
- b. 2.828
- c. 62.91
- d. 628.8

Ans - a

Solution:

$$\text{Cov}(\text{Hours, GPA}) = 22.717 / (6-1) = 4.543$$

5. What is the correlation between Hours of Study and GPA?

- a. 0.005
- b. -0.995
- c. 1.995
- d. 0.995

Ans - d

Solution:

$$\text{Corr}(\text{Hours, GPA}) = 22.717 / (\sqrt{0.828} * \sqrt{628.833}) = 0.9954$$

If you deposit Rs. 16,000 per year for 12 years (each deposit is made at the end of each year) in an account that pays an annual interest rate of 14%, what will your account be worth at the end of 12 years?

- a. 4,33,331
- b. 4,33,361
- c. 4,36,331
- d. 4,36,361

Ans - c

Solution:

$$n = 12$$

$$i = 14$$

$$\text{PMT} = 16000$$

Make sure you are in end mode.

solve for FV (answer = Rs. 4,36,331)

.....

You are told that if you invest Rs. 11,000 per year for 23 years (all payments made at the end of each year) you will have accumulated Rs. 366,000 at the end of the period. What annual rate of return is the investment offering?

- a. 3.01 percent
- b. 3.11 percent
- c. 3.21 percent
- d. 3.31 percent

Ans - c

Solution:

n = 23
FV = 366000
PMT = -11000
Make sure you are in end mode.
solve for i (answer = 3.21%)
.....

A bond with a coupon rate of 8%, paid annually, and a face value of Rs. 1,000 matures in 6 years. If the current annual market interest rate is 10%, what is the bond's market value?

- a. Rs. 913
- b. Rs. 933
- c. Rs. 931
- d. Rs. 813

Ans - a

Solution:

The interest annuity payment is $0.08 * 1,000 = \text{Rs. } 80.00$
Bond market value = $PVIFA(10\%, 6 \text{ yrs}) * 80 + PVIF(10\%, 6 \text{ yrs}) * 1,000$
 $= 4.3553 * 80 + 0.5645 * 1,000$
 $= 348.42 + 564.47$
 $= \text{Rs. } 912.89$
.....

The forecasting model that the opinions of a group of experts or managers is known as

- a. sales force composition model
 - b. multiple regression
 - c. jury of executive model
-

d. consumer market survey model

Ans - c

.....

Ignoring cost and other effects on the firm, which of the following measures would tend to reduce the cash conversion cycle?

- a. Maintain the level of receivables as sales decrease
- b. Buy more raw materials to take advantage of price breaks
- c. Take discounts when offered
- d. Forgo discounts that are currently being taken

Ans - d

.....

The following is (are) the current liability (ies)

- a. Bills payable
- b. Outstanding expenses
- c. Bank overdraft
- d. All of the above

Ans - d

.....

In assessing the loan value of inventory, a banker will normally be concerned about the portion of inventory that is work-in-process because

- a. WIP inventory is relatively easy to sell because it does not represent a raw material or a finished product.
- b. WIP inventory usually has the highest loan value of the different inventory types.
- c. WIP generally has the lowest marketability of the various types of inventories.
- d. WIP represents a lower investment by a corporation as opposed to other types of inventories.

Ans - c

.....

When a company analyzes credit applicants and increases the quality of the accounts rejected, the company is attempting to

- a. Maximize sales
 - b. Increase bad-debt losses
 - c. Increase the average collection period
-

d. Maximize profits

Ans - d

Which of the following techniques uses variables such as price and promotional expenditures, which are related to the product demand, to predict demand?

- a. Associative models
- b. exponential smoothing
- c. weighted moving average
- d. simple moving average

Ans - b

Flexitime work system is a system

- a. Operational
- b. Logical
- c. Functional
- d. Scheduling

Ans - d

Job enlargement expands

- a. Upward
- b. Downward
- c. Horizontally
- d. Vertically

Ans - c

..... is a discontent or dissatisfaction.

- a. Punishment
- b. Grievance
- c. Discipline
- d. Suspension

Ans – b

A human resources manager decides to regress total monthly pay of each of the firm's 75 salespersons against the total monthly sales by that salesperson. The manager chose total sales, in tens of thousands of dollars, as the independent variable (X) and total pay, in thousands of dollars, as the dependent variable (Y).

$$\begin{aligned}\Sigma X &= 7,312.5 & \Sigma Y &= 8,805.0 & \Sigma X^2 &= 824,070.25 & \Sigma Y^2 &= 2,482,080 & \Sigma X*Y &= 974,652.0 & n &= 75 \\ SSXX &= 824,070.25 - 7,312.5^2/75 = 111,101.50 \\ SSYY &= 2,482,080 - 8,805.0^2/75 = 1,448,373.0 \\ SSXY &= 974,652.0 - 7,312.5*8,805.0/75 = 116,164.50\end{aligned}$$

1. What is the slope of the regression line?

- a. 1.456
- b. 0.080
- c. 1.046
- d. -1.046

Ans - c

Solution:

$$\text{The slope} = 116,164.5 / 111,101.5 = 1.0456$$

2. What is the intercept of the regression line?

- a. 16.457
- b. 15.075
- c. 25.253
- d. 15.457

Ans - d

Solution:

$$\text{The intercept} = 117.4 - 1.0456 * 97.5 = 15.457$$

3. Write the regression line

- a. $Y = 15.457 + 1.046 * X$
 - b. $Y = 1.046 + 15.457 * X$
 - c. $Y = 15.457 - 1.046 * X$
-

d. $W = 15.457 + 1.046 * X$

Ans - a

Solution:

The regression line is: $Y = 15.457 + 1.046 * X$

4. Interpret the slope.

- a. The sales commission rate is Rs. 1,046 per Rs. 1,000 of sales, or 104.6%
- b. The sales commission rate is Rs. 1,046 per Rs. 10,000 of sales, or 10.46%
- c. The sales commission rate is Rs. 104.6 per Rs. 10,000 of sales, or 1.046%
- d. The sales commission rate is Rs. 1,046 per Rs. 100,000 of sales, or 1.046%

Ans - d

Solution:

The interpretation of the slope is: The sales commission rate is Rs. 1,046 per Rs. 10,000 of sales, or 10.46%

5. Interpret the intercept

- a. The base pay is Rs. 1,046
- b. The base pay is Rs. 15.457
- c. The base commission is Rs. 15,457
- d. The base pay is Rs. 15,457

Ans - b

Solution:

The interpretation of the intercept is: The base pay is Rs. 15,457

According to McClland achievement theory, achievers avoid

- a. Easily accomplished goals
- b. Challenges of the firm
- c. Individual performance
- d. Low and High risk situation

Ans - d

According to compensation programs designed for employee, variable pay other than base pay is classified as part of

- a. indirect compensation
- b. recency compensation
- c. direct compensation
- d. primacy compensation

Ans - c

TAT means

- a. Thematic Apperception Test
- b. Teaching and training
- c. Technical aptitude test
- d. None of the above

Ans - a

Amount of remuneration received during a period is

- a. Wages
- b. Earnings
- c. Minimum wage
- d. Wage structure

Ans - b

A positive cross elasticity of demand coefficient indicates that

- a. a product is an inferior good
- b. a product is a normal goods
- c. two products are substitutes
- d. two products are complementary

Ans - c

Current ratio =

- a. Quick assets / Current liabilities
-

- b. Current assets / Current liabilities
- c. Debt. / Equity
- d. Current assets / Equity

Ans - b

.....

Employees to whom overtime is must to be paid under restriction of Fair Labor Standards Act are called

.....

- a. salaried exempt employees
- b. salaried nonexempt employees
- c. exempt employees
- d. non-exempt employees

Ans - d

.....

The goal of credit policy is to

- a. Extend credit to the point where marginal profits equal marginal costs
- b. Minimize bad debt losses
- c. Minimize collection expenses
- d. Maximize sales

Ans - a

.....

It is held that the level of accounts receivable that the firm has or holds reflects both the volume of a firm's sales on account and a firm's credit policies. Which one of the following items is not considered as part of the firm's credit policies?

- a. The minimum risk group to which credit should be extended
- b. The extent (in terms of money) to which a firm will go to collect an account
- c. The length of time for which credit is extended
- d. The size of the discount that will be offered

Ans - d

.....

Which one of the following statements is correct concerning the accounts payable period?

- a. Managers generally prefer a shorter accounts payable period than a longer one
-

- b. The accounts payable period is equal to the cost of goods sold divided by the average accounts payable
- c. Extending the accounts payable period effectively decreases the cash needs of a firm
- d. Increasing the accounts payable turnover rate increases the accounts payable period

Ans - a

.....

Which of the following would not be financed from working capital?

- a. Cash float
- b. Accounts receivable
- c. Credit sales
- d. A new personal computer for the office

Ans - d

.....

Forecasts

- a. become more accurate with longer time horizons
- b. are rarely perfect
- c. are more accurate for individual items than for groups of items
- d. all of the above

Ans - a

.....

Employee evaluation, performance evaluation, performance review and employee rating are all terms used to define

- a. criterion appraisal
- b. employee development appraisal
- c. performance appraisal
- d. subjective appraisal

Ans - c

.....

Indirect rewards given to employees of organization for being member of organization are called

- a. productivity compensation
 - b. effectivity compensation
 - c. benefits
-

d. philosophical compensation

Ans - c

.....

Rapid stimulates the innovation

- a. Technological changes
- b. Economic changes
- c. Political modifications
- d. All of the above

Ans - a

.....

..... method of job evaluation is otherwise called classification method

- a. Silent
- b. College
- c. Grading
- d. Home

Ans - c

.....

Training helps to improve and give higher

- a. Productivity
- b. Mobility
- c. Viability
- d. Vitality

Ans - a

.....

Relationship between two variables can be identified with help of

- a. ratio analysis
- b. scatter plot
- c. trend analysis
- d. all of above

Ans - b

.....

..... seek to organize with over the terms and conditions of employment for their members

- a. Labour unions, Management
- b. Employer, employee
- c. Supervisor, subordinate
- d. Leader, follower

Ans - a

.....

In the short run as economists use the phrase is characterised by

- a. all inputs being variable
- b. a period where the law of diminishing return does no hold
- c. atleast one fixed factor of production and firms neither leaving nor entering the industry
- d. no variable inputs

Ans - c

.....

A graph showing all the combination of capital and labour available for a given total cost is the

- a. isoquant
- b. budget constraint
- c. isocost line
- d. expenditure set

Ans - a

.....

A monopolistic firm will expand its output when

- a. marginal revenue exceeds marginal cost
- b. marginal cost exceeds marginal revenue
- c. marginal cost equals marginal revenue
- d. marginal revenue is negative.

Ans - a

.....

The formula for average fixed costs is

- a. TFC/Q
 - b. DQ/DFC
-

- c. Q/TFC
- d. TFC - Q

Ans - a

.....

Which one is not collusive oligopoly

- a. price leadership
- b. market-sharing cartel
- c. price discrimination
- d. price fixing cartel

Ans - b

.....

Equilibrium implies a state of

- a. movement
- b. inactivity
- c. absence of motion
- d. rest

Ans - d

.....

A marginal buyer is the one

- a. Who, if the price is increased a little is the first to go out of the market
- b. who, if the price is decreased a little is the first to enter the market
- c. who is indifferent about buying and not buying
- d. both a and c

Ans - a

.....

Every 15 days a company receives Rs. 10,000 worth of raw materials from its suppliers. The credit terms for these purchases are 2/10, net 30, and payment is made on the 30th day after each delivery. Thus, the company is considering a 1-year bank loan for Rs. 9,800 (98% of the invoice amount). If the effective annual interest rate on this loan is 12%, what will be the net dollar savings over the year by borrowing and then taking the discount on the materials?

- a. Rs. 3,624
 - b. Rs. 1,176
-

- c. Rs. 4,800
- d. Rs. 1,224

Ans - a

.....

The subject matter of economics is

- a. To ensure economic progress of the people
- b. to run business
- c. to satisfy unlimited wants with limited means
- d. to mobilise resources and to use them

Ans - c

.....

Under command economy, activities are guided by

- a. the automatic price system
- b. government planning
- c. the freedom of consumers
- d. competition

Ans - b

.....

Which of the following statements is true?

- a. Cash is decreased when new debt is issued to purchase holiday merchandise
- b. Accepting the credit offered by a supplier is a source of cash
- c. Increasing the use of trade credit offered by a supplier is a use of cash
- d. Collecting an accounts receivable is a use of cash

Ans - b

.....

When demand is elastic

- a. a fall in price more than offset by an increase in quantity demanded, so that total revenue rises
- b. the goods is probably a necessity, so price has little effect on quantity demanded
- c. a rise in price will increase total revenue even though less is sold
- d. buyers are not much influenced by prices of competing precedes

Ans - c

.....

A monopolistic competitive firm sells products

- a. Differentiated
- b. Homogenous
- c. All of the above
- d. None

Ans - a

.....

A forecast with a time horizon of about 3 months to 3 years is typically called a

- a. long range forecast
- b. medium range forecast
- c. short range forecast
- d. weather forecast

Ans - b

.....

A company has accounts payable of Rs. 5 million with terms of 2% discount within 15 days, net 30 days (2/15 net 30). It can borrow funds from a bank at an annual rate of 12%, or it can wait until the 30th day when it will receive revenues to cover the payment. If it borrows funds on the last day of the discount period in order to obtain the discount, its total cost will be

- a. Rs. 51,000 less
- b. Rs. 75,500 less
- c. Rs. 100,000 less
- d. Rs. 24,500 more

Ans - b

.....

What is the effective annual interest rate on a 9% annual percentage rate automobile loan that has monthly payments?

- a. 9 percent
- b. 9.38 percent
- c. 9.81 percent
- d. 10.94 percent

Ans - b

.....

A certified public accountant (CPA) was contracted to analyze the cost data of a manufacturing firm. The firm provided the CPA 60 months of monthly total costs and monthly total production and asked the CPA to construct a regression line. The CPA chose total production, in thousands of coopers, as the independent variable (X) and total cost, in thousands of dollars, as the dependent variable (Y).

$$\Sigma X = 156 \quad \Sigma Y = 9,648 \quad \Sigma X^2 = 6,864 \quad \Sigma Y^2 = 1,828,620 \quad \Sigma X*Y = 324,758 \quad n = 60$$

$$SSXX = 6,864 - 156^2/60 = 6,458.40$$

$$SSYY = 1,828,620 - 9,648^2/60 = 277,221.60$$

$$SSXY = 324,758 - 156*9648/60 = 299,673.20$$

1. What is the slope of the regression line?

- a. 46.4
- b. 1.1
- c. 44.6
- d. 42.9

Ans - a

Solution:

$$\text{The slope} = 299,673.20 / 6,458.40 = 46.400$$

2. What is the intercept of the regression line?

- a. 19.2
- b. 281.0
- c. 39.6
- d. 36.9

Ans - c

Solution:

$$\text{The intercept} = 160.80 - 46.600 * 2.60 = 39.640$$

3. Write the regression line.

- a. $X = 39.640 + 46.400 * Y$
- b. $Y = 39.640 + 46.400 * X$
- c. $Y = 39.640 - 46.400 * X$
- d. $Y = 46.400 + 39.640 * X$

Ans – b

Solution:

The regression line is: $Y = 39.64 + 46.40 * X$

.....

4. Interpret the slope.

- a. The marginal cost of each cooper is Rs. 46.40
- b. The marginal cost of each widget is Rs. 46.40
- c. The marginal cost of each thousand coopers is Rs. 46.40
- d. The marginal cost of each cooper is Rs. 39.64

Ans - a

Solution:

The interpretation of the slope is: The marginal cost of each cooper is Rs. 46.40

.....

5. Interpret the intercept.

- a. The fixed cost of the production process is Rs. 39.64
- b. The marginal cost of the production process is Rs. 39,640
- c. The fixed cost of the production process is Rs. 39,640
- d. The fixed cost of the production process is Rs. 46,400

Ans - c

Solution:

The interpretation of the intercept is: The fixed cost of the production process is Rs. 39,640

.....

In career development, providing assistance programs for academic learning is an art of

- a. individual role
- b. manager role
- c. employer role
- d. line manager

Ans - c

.....

Focus on long-term issue, that are hard-to-reverse are part of

- a. coaching
- b. mentoring
- c. informal training
- d. formal training

Ans - b

.....

Under perfect competition, rivalry is

- a. impersonal
- b. very personal and direct, advertising being important
- c. non existent since the firms cooperate
- d. control output

Ans - b

.....

People wants are

- a. more
- b. limited
- c. few
- d. unlimited

Ans - d

.....

Profits is denoted as, which of the following symbol?

- a. sigma
- b. summation
- c. pie
- d. Alpha

Ans - c

.....

In traditional focus, rewards based on production is part of

- a. training and development
 - b. performance appraisal
-

- c. recruiting and placement
- d. compensation and benefits

Ans - d

In career development focus, addition of development plans is a part of

- a. training and development
- b. performance appraisal
- c. recruiting and placement
- d. compensation and benefits

Ans - b

The following industry often is a monopoly

- a. Cigarette industry
- b. Publishing industry
- c. Drug industry
- d. Electric power industry

Ans - d

The vertical difference between TVC and TC is equal to

- a. MC
- b. AVC
- c. TFC
- d. none

Ans - c

The costs that depend on output in the short run are

- a. total variable costs only
- b. both total variable costs and total costs
- c. total costs only
- d. total fixed cost only

Ans – a

The kinked demand curve in Sweezy oligopoly model emerges due to assumption that

- a. when one seller decreases or increases his price, others follow.
- b. when one seller decreases his price others follow him.
- c. when one sellers decreases his price others follow but when he increases his price others do not follow
- d. When one seller increases his price others decrease their prices.

Ans - c

Under perfect competition firms do not engage in price-war because

- a. firms work in co-operation with one another under the same.
- b. number of firms under the same is very large
- c. the demand for the product of a firm under the same is perfectly elastic
- d. all the above mentioned conditions are responsible

Ans - b

The taxation and public expenditure policy is known as

- a. Monetary policy
- b. Fiscal Policy
- c. Trade policy
- d. Pricing policies

Ans - b

In economics the central problem is

- a. money
- b. production
- c. consumption
- d. scarcity

Ans - d

Utility is measured by

- a. wealth
-

- b. price
- c. value or worth
- d. income

Ans - c

..... costs are business costs which do not involve any cash payments but for them a provision is made in accounts

- a. private cost
- b. social cost
- c. accounting cost
- d. book cost

Ans - d

Strategy that employees seek, for interesting jobs and greater advancement opportunities is included in

- a. promotions
- b. transfers
- c. reality shock
- d. formal training

Ans - b

Following is (are) the characteristic(s) of a budget

- a. It outlines projected activities
- b. Expressions are made in quantitative terms
- c. It is for a fixed period
- d. All of the above

Ans - d

Sales expenditure budget is prepared by estimating the expense(s) of

- a. Advertisement
 - b. Market analysis
 - c. Salesman's salary
-

d. All of the above

Ans - d

.....

The demand for a good is highly inelastic if

- a. the price elasticity of the goods is close to zero
- b. the income elasticity of the goods is close to one
- c. if it is a necessity
- d. both a and c

Ans - d

.....

In sample survey method technique is adopted

- a. deliberate
- b. convenience
- c. quota
- d. random

Ans - d

.....

Life insurance business in India is an example of

- a. Perfect competition
- b. monopolistic competition
- c. monopoly
- d. oligopoly

Ans - d

.....

A marginal buyer is the one

- a. who, if the price is increased a little is the first to go out of the market.
- b. who, if the price is decreased a little is the first to enter the market.
- c. who is indifferent about buying and not buying.
- d. both a and c.

Ans - a

.....

car and petrol are goods

- a. substitutes
- b. complementary
- c. producers
- d. None of the above

Ans - b

A company's strategic goals must work towards

- a. succession planning
- b. performance management
- c. compensation management
- d. all of above

Ans - d

In career development, providing timely performance feedback is a futile part of

- a. individual role
- b. manager role
- c. employer role
- d. line manager

Ans - b

The cost with which the concept of marginal cost is closely related

- a. variable cost
- b. fixed cost
- c. opportunity cost
- d. economic cost

Ans - a

Opportunity cost is also known as

- a. outlay cost
 - b. sunk cost
-

- c. alternative cost
- d. total cost

Ans - c

.....

The equilibrium of a firm occurs when

- a. $P=MC$
- b. $MC=MR$
- c. $P=MR$
- d. $AC=MC$

Ans - b

.....

A Firm Shut-down point is reached when

- a. average revenue fails to cover average total cost
- b. average revenue fails to cover average variable cost
- c. average revenue fails to cover average fixed cost
- d. average fails to cover marginal cost

Ans - b

.....

The measures to control business cycle are

- a. Monetary policy
- b. Fiscal Policy
- c. Direct controls
- d. All the above

Ans - d

.....

The extra utility from consuming one more unit of a commodity is called

- a. Marginal utility
- b. Additional utility
- c. Surplus utility
- d. Bonus utility

Ans – a

.....

Reducing in work hours is an example of

- a. phased retirement
- b. flexible work
- c. honoring experience
- d. modifying selection procedure

Ans - a

In career development, providing support in employee's development plans is a/an

- a. individual role
- b. managerial role
- c. employer role
- d. line manager's role

Ans - b

A stage in which employees slide from stabilization stage is called

- a. stabilization sub stage
- b. trial sub stage
- c. establishment stage
- d. maintenance stage

Ans - d

A firm shut-down point is reached when

- a. average revenue fails to cover average total cost
- b. average revenue fails to cover average variable cost.
- c. average revenue fails to cover average fixed cost
- d. average revenue fails to cover marginal cost.

Ans - b

Equilibrium implies a state of

- a. rest
 - b. inactivity
-

- c. absence of motion
- d. movement

Ans - a

..... is a rigid budget

- a. Flexible budget
- b. fixed budget
- c. both
- d. none

Ans - b

The total outlay method explains the relationship between price and

- a. demand
- b. supply
- c. expenditure
- d. income

Ans - c

Supply is a function of

- a. a straight line
- b. a parabola
- c. a hyperbola
- d. convex to the origin

Ans - c

In a perfectly competitive market the firm will be

- a. a price maker
- b. attempting to maximise profits
- c. producing a product which will be different from its competitors
- d. a price taker

Ans - d

The main aim of monetary policy is

- a. to regulate cost and credit
- b. to control inflation
- c. to control foreign exchange
- d. all the above

Ans - d

Labour market deals with

- a. Job enrichment
- b. Job enlargement
- c. Demand and supply of labour
- d. Promotions and transfer

Ans - c

Which one of the following will increase the operating cycle?

- a. increasing the inventory period
- b. decreasing the cash cycle
- c. decreasing the accounts payable period
- d. increasing the accounts payable period

Ans - a

In a perfectly competitive market, the firm will be

- a. a price maker
- b. attempting to maximise profits
- c. Producing a product which will be different from its competitors
- d. a price taker

Ans - d

Motivational devices used to encourage special workers

- a. Compensation
 - b. Wages
-

- c. Salaries
- d. Incentives

Ans - d

HR plans should be with the corporate plans of the enterprise

- a. Balanced
- b. Not related
- c. Mixed
- d. Not balanced

Ans - a

..... Starts when there is a downward descend from the peak which is for a short duration

- a. Depression
- b. Recovery
- c. Boom
- d. Recession

Ans - d

During there is a general decline in economic activity

- a. Recovery
- b. Recession
- c. Boom
- d. Depression

Ans - d

If marginal utility is zero

- a. Total utility is zero
- b. An additional unit of consumption will decrease total utility
- c. consumption will increase total utility
- d. Total utility is maximised

Ans – d

Economics is a science the basis of this statement does not include

- a. relation between cause and effect
- b. use of deductive method and inductive method for the formation of laws
- c. experiments
- d. theory

Ans - d

The following is also known as External Internal Equity ratio

- a. Current ratio
- b. Acid test ratio
- c. Debt Equity ratio
- d. Debt service coverage ratio

Ans - c

Budgeting is difficult to apply in the following cases

- a. Products subjected to rapid changes
- b. Job order manufacturing
- c. Uncertain market conditions
- d. All of the above

Ans - d

Counseling and compensation of employees is part of

- a. Staffing
- b. Controlling
- c. Leading
- d. Organizing

Ans - a

A personnel plan requires forecast of

- a. personnel needs
 - b. supply of inside candidates
-

- c. supply of outside candidates
- d. all of above

Ans - d

.....

In career development process, utilization of development opportunities is included in

- a. individual role
- b. manager role
- c. employer role
- d. line manager

Ans - a

.....

Deflation means

- a. More money less value
- b. less money high value
- c. more money more value
- d. less money less value

Ans - b

.....

When the rise in price is very slow like that of a creeper it is called

- a. Walking inflation
- b. Creeping Inflation
- c. Running Inflation
- d. True Inflation

Ans - b

.....

The instruments of monetary policy are

- a. Qualitative
- b. Quantitative
- c. Qualitative and Quantitative
- d. None

Ans - c

.....

Bank rate is also known as

- a. lending rate
- b. interest rate
- c. CRR
- d. SDR

Ans - a

.....

One negative aspect of a business cycle boom is

- a. an increasing rate of inflation
- b. a declining rate of inventory investment
- c. a increase in government budget deficits
- d. government budget deficits

Ans - d

.....

According to monetarists the Great Depression in the United States largely resulted from

- a. excessive imports relative to exports
- b. significant changes in technology and resource availability
- c. inappropriate monetary policy
- d. excessive exports relative to imports

Ans - a

.....

Helping retirees and preparing them for retirement is an aim of

- a. phased retirement
- b. preretirement counseling
- c. honoring experience
- d. modifying selection procedure

Ans - b

.....

Lower the Debt Equity ratio

- a. Lower the protection to creditors
 - b. Higher the protection to creditors
-

- c. It does not affect creditors
- d. None of the above

Ans - b

.....

A higher inventory ratio indicates

- a. Better inventory management
- b. Quicker turnover
- c. Both 'A' and 'B'
- d. None of the above

Ans - c

.....

Inflation means

- a. More money less value
- b. Less money high value
- c. more money more value
- d. less money less value

Ans - a

.....

The phases of business cycle are

- a. Boom and Recession
- b. Depression and Recovery
- c. Both
- d. None

Ans - c

.....

In the phase, demand, output, employment and income are a high level

- a. Depression
- b. Recession
- c. Boom
- d. Recovery

Ans - c

.....

Which of the following is an economic activity?

- a. teacher teaching in the school
- b. to teach son at home
- c. to serve her child by mother
- d. to play football by a student

Ans - a

.....

Who is assured as father of Economics?

- a. Adam Smith
- b. Robinson
- c. Marshall
- d. George Bernard

Ans - a

.....

..... interview is conducted by a group of interviewers

- a. Non directional
- b. Structured
- c. Panel
- d. Stress

Ans - c

.....

An increase in consumer income will increase demand for a but decrease demand for a

- a. substitute goods, inferior goods
- b. normal goods, inferior goods
- c. inferior goods, normal goods
- d. normal goods, complementary goods

Ans - b

.....

The three major types of forecasts used by business organisation are

- a. strategic, tactical and operational
 - b. economic, technological and demand
-

- c. exponential smoothing, Delphi and regression
- d. Casual, time series and seasonal

Ans - d

.....

Demand curve is a

- a. falling curve
- b. rising curve
- c. downward sloping curve
- d. upward sloping curve

Ans - c

.....

Recruitment is one of the HR function

- a. Acquisition
- b. Development
- c. Maintenance
- d. Compensation

Ans - a

.....

An availability of information systems to integrate recruitment with learning is a part of

- a. phased retirement
- b. preretirement counseling
- c. talent management
- d. modifying selection procedure

Ans - c

.....

A Master Budget consists of

- a. Sales budget
- b. Production budget
- c. Material budget
- d. All of the above

Ans - d

.....

An availability of new talent management information system is a key driver of

- a. phased retirement
- b. career management
- c. talent management
- d. modifying selection procedure

Ans - c

A job analyst's task is to

- a. prepare job description
- b. integrate development activities
- c. develop compensation plans
- d. advise management

Ans - a

When national income of a country is calculated in terms of constant prices, it is called as

- a. Nominal GNP
- b. GNP at current prices
- c. GNP at constant prices
- d. GDP at constant prices

Ans - c

Demand pull inflation is the result of

- a. Increases in Production
- b. Increase in the supply of goods
- c. Increase in money supply
- d. Increase in the cost of production

Ans - c

Sales Maximisation concept is given by

- a. Samuelson
 - b. adam smith
-

- c. Marshall
- d. Baumol

Ans - d

Paul.A.Samuelson has defined economics as

- a. science of wealth
- b. science of material well being
- c. science of dynamic growth and development
- d. none of these

Ans - c

'Health counseling' is an example of

- a. phased retirement
- b. preretirement counseling
- c. honoring experience
- d. modifying selection procedure

Ans - b

Tea and coffee are goods

- a. substitutes
- b. complementary
- c. producers
- d. none of the above

Ans - a

In cross elasticity of demand, for unrelated goods the demand curve will be

- a. Horizontal straight line
- b. rectangular hyperbola
- c. vertical line
- d. none of the above

Ans - c

Given the following information, Calculate...

Revenue from Operations 3,40,000
Cost of Revenue from Operations 1,20,000
Selling expenses 80,000
Administrative Expenses 40,000

1. Gross Profit

- a. Rs. 2,00,000
- b. Rs. 2,20,000
- c. Rs. 2,40,000
- d. Rs. 2,60,000

Ans - b

2. Operating Cost

- a. Rs. 2,00,000
- b. Rs. 2,20,000
- c. Rs. 2,40,000
- d. Rs. 2,60,000

Ans - c

3. Gross profit ratio

- a. 64.71%
- b. 66.71%
- c. 68.59%
- d. 70.59%

Ans - a

4. Operating ratio

- a. 64.71%
- b. 66.71%
- c. 68.59%
- d. 70.59%

Ans – d

Solution:

1. b

$$\begin{aligned}\text{Gross Profit} &= \text{Revenue from Operations} - \text{Cost of Revenue from Operations} \\ &= \text{Rs. } 3,40,000 - \text{Rs. } 1,20,000 \\ &= \text{Rs. } 2,20,000\end{aligned}$$

2. c

$$\begin{aligned}\text{Operating Cost} &= \text{Cost of Revenue from Operations} + \text{Selling Expenses} + \text{Administrative Expenses} \\ &= \text{Rs. } 1,20,000 + 80,000 + 40,000 \\ &= \text{Rs. } 2,40,000\end{aligned}$$

3. a

$$\begin{aligned}\text{Gross Profit Ratio} &= (\text{Gross Profit} / \text{Revenue from operation}) \times 100 \\ &= (\text{Rs. } 2,20,000 / \text{Rs. } 3,40,000) \times 100 \\ &= 64.71\%\end{aligned}$$

4. d

$$\begin{aligned}\text{Operating Ratio} &= (\text{Operating Cost} / \text{Net Revenue from Operations}) \times 100 \\ &= (\text{Rs. } 2,40,000 / \text{Rs. } 3,40,000) \times 100 \\ &= 70.59\%\end{aligned}$$

Given the values for the samples 60.25, 62.38, 65.32, 61.41, and 63.23 of a population.

1. Calculate Mean

- a. 56.12
- b. 61.52
- c. 62.51
- d. 65.12

Ans - c

2. Calculate standard deviation

- a. 1.72
- b. 1.92
- c. 2.19
- d. 2.37

Ans - b

3. Calculate coefficient of variance

- a. 0.03071
 - b. 0.04071
-

- c. 0.05071
- d. 0.06071

Ans - a

Solution:

$$\begin{aligned} 1. \text{ Mean} &= (60.25 + 62.38 + 65.32 + 61.41 + 63.23)/5 \\ &= 312.59/5 \\ &= 62.51 \end{aligned}$$

$$\begin{aligned} 2. \text{ standard deviation} \\ &= \sqrt{(1/(5 - 1)) * (60.25 - 62.51799)^2 + (62.38 - 62.51799)^2 + (65.32 - 62.51799)^2 + (61.41 - 62.51799)^2 + (63.23 - 62.51799)^2} \\ &= \sqrt{(1/4) * (-2.267992 + -0.137989992 + 2.802012 + -1.107992 + 0.712012)} \\ &= \sqrt{(1/4) * (5.14377 + 0.01904 + 7.85126 + 1.22764 + 0.50695)} \\ &= \sqrt{3.68716} \\ \sigma &= 1.92 \end{aligned}$$

$$\begin{aligned} 3. \text{ coefficient of variance} \\ \text{CV} &= (\text{Standard Deviation } (\sigma) / \text{Mean } (\mu)) \\ &= 1.92 / 62.51 \\ &= 0.03071 \end{aligned}$$

Year	- Nominal GDP	- GDP Deflator
2014-15	- 2500	- 120
2015-16	- 3200	- 145

Answer the following questions based on the above information.

01. If GDP Deflator in 2013-14 is 100, then Real GDP of 2015-16

- a. 2207
- b. 2215.5
- c. 2214.7
- d. 2214.6

Ans - c

Solution

$$\begin{aligned} \text{Real GDP} &= \text{Nominal GDP} / \text{deflater:} \\ &= 3200/145 * 100 \end{aligned}$$

=2206.89
=2207

02. If GDP Deflator in 2013-14 is 100, then real GDP of 2014-15

- a. 2083
- b. 2038
- c. 2112
- d. 1961

Ans - a

Solution

Real GDP = Nominal GDP / deflator:
=2500/120*100
=2083.33
=2083

03. Growth Rate of Real GDP from 2014-15

- a. 6.12
- b. 5.95
- c. 5.20
- d. 6.95

Ans - b

Solution

% change = $\frac{\text{New value} - \text{old value}}{\text{old value}} * 100$
Real GDP (2015-16) - Real GDP (2014-15) / Real GDP (2014-15)
= $\frac{2207 - 2083}{2083} * 100$
= $\frac{124}{2083} * 100$
= $0.0595 * 100$
= 5.95

04. Inflation Rate in 2015 in relation to 2014-15

- a. 19.61
 - b. 20.83
-

- c. 20.38
- d. 21.12

Ans - b

Solution

$$\begin{aligned} \text{Inflation rate (2015-16)} &= \frac{\text{GDP Deflator (2014-15)} - \text{GDP deflator(2014-15)}}{\text{GDP deflator(2015-16)}} * 100 \\ &= \frac{120 - 145}{120} * 100 \\ &= \frac{25}{120} * 100 \\ &= 0.2083 * 100 \\ &= 20.83\% \end{aligned}$$

The basic managerial skill(s) is(are) (i) To supervise, (ii) To stimulate, (iii) To motivate

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

The three performance counseling phases are

- a. Rapport building, Exploration, Action planning
- b. Support building, Exploration, Action planning
- c. Rapport building, Explanation, Action planning
- d. Rapport building, Exploration, Accurate planning

Ans - a

What is that describes the duties of the job, authority relationship, skills requirement, conditions of work etc?

- a. Job analysis
- b. Job enlargement
- c. Job enrichment
- d. Job evaluation

Ans - a

Crucial functions for company's survival is managed by

- a. financial manager
- b. staff manager
- c. line manager
- d. both A and B

Ans - c

As per the Union Budget 2018-19, what is the projected fiscal deficit for the financial year 2018-19?

- A. 3.5%
- B. 3.2%
- C. 3.3%
- D. 3.4%

Ans - c

National Income estimates in India are prepared by

- a. RBI
- b. C.S.O.
- c. Planning Commission
- d. Finance Ministry

Ans - b

During the Great Depression

- a. unemployment rates reached 25 percent
- b. industrial output fell by 40 percent
- c. the United States experienced a long and deep recession
- d. all of the above

Ans - d

When deflation occurs

- a. prices rise
 - b. the average price level declines
-

-
- c. the purchasing power of money declines
 - d. interest rates increase

Ans - b

.....

Consider the following data:

- 1. Revenue deficit (RD) = 3% of GDP |
- 2. Grants for capital formation = 1.8% of GDP
- 3. Primary deficit (PD) = 1.2%
- 4. Non-plan expenditure = 1.5%

In the above scenario, effective revenue deficit (ERD) will be:

- a. 1.2%*
- b. 1.5%
- c. 1.8%
- d. cannot be calculated

Ans - a

Solution

$$\begin{aligned} \text{ERD} &= \text{RD} - \text{Grants for capital formation} \\ &= 3\% - 1.8\% \\ &= 1.2\% \end{aligned}$$

.....

The fiscal deficit is the difference between the govt's expenditures and its revenues (excluding the money borrowed) which is usually communicated as a percentage of its GDP. What is India's fiscal deficit target for the financial year 2016-17?

- a. 3.9 % of GDP
- b. 3.1 % of GDP
- c. 3.3 % of GDP
- d. 3.5 % of GDP

Ans - d

.....

A trader carries an average inventory of Rs. 40,000. His inventory turnover ratio is 8 times. If he sells goods at a profit of 20% on Revenue from operations, find

1. Cost of Revenue from operations

- a. Rs. 80,000
- b. Rs. 2,20,000
- c. Rs. 3,20,000
- d. Rs. 4,00,000

2. Revenue from operations

- a. Rs. 80,000
- b. Rs. 2,20,000
- c. Rs. 3,20,000
- d. Rs. 4,00,000

3. Gross Profit

- a. Rs. 80,000
- b. Rs. 2,20,000
- c. Rs. 3,20,000
- d. Rs. 4,00,000

Solution:

1. c

Inventory Turnover Ratio = Cost of Revenue from Operations / Average Inventory

$8 = \text{Cost of Revenue from Operations} / \text{Rs. } 40,000$

$\therefore \text{Cost of Revenue from operations} = 8 \times \text{Rs. } 40,000$
 $= \text{Rs. } 3,20,000$

2. d

Revenue from operations = Cost of Revenue from operations $\times (100 / 80)$

$= \text{Rs. } 3,20,000 \times (100 / 80)$

$= \text{Rs. } 4,00,000$

3. a

Gross Profit = Revenue from operations – Cost of Revenue from operations

$= \text{Rs. } 4,00,000 - \text{Rs. } 3,20,000$

$= \text{Rs. } 80,000$

Given,

Currency with public - Rs. 230000 Crores
Demand deposit with banking system - Rs. 320000 Crores
Time deposits with banking system - Rs. 360000 Crores
Other deposit with RBI - Rs. 420000 Crores
Savings deposit of post office savings banks - Rs. 140000 Crores
All deposit with post office savings bank excluding NSCs - Rs. 80000 Crores

Calculate M1.

- a. Rs. 670000 Crores
- b. Rs. 830000 Crores
- c. Rs. 970000 Crores
- d. Rs. 1020000 Crores

Ans - c

Calculate M2.

- a. Rs. 830000 Crores
- b. Rs. 970000 Crores
- c. Rs. 1110000 Crores
- d. Rs. 1330000 Crores

Ans - c

Calculate broad money M3.

- a. Rs. 830000 Crores
- b. Rs. 970000 Crores
- c. Rs. 1110000 Crores
- d. Rs. 1330000 Crores

Ans - d

Solution :

M1 = currency with public + demand deposit with the banking system + other deposits with RBI
M1 = 230000+320000+420000

M1 = 970000

M2 = M1+Savings deposit of post office savings banks
So,
M2 = 970000+140000
M2 = 1110000 Crores

M3 = M1+Time deposit with banking system
So,
M3 = 970000+360000
M3 = 1330000 Crores

Calculate the Linear Regression whose input values are
X = [5,20,40,80,100] & Y = { 10,20,30,40,50}

- a. $10.0914 + 0.3894 X$
- b. $10.9194 + 0.8934 X$
- c. $10.9194 + 0.3894 X$
- d. $10.9994 + 0.8934 X$

Ans - c

Solution
Linear regression formula
 $Y = A + BX$

To find X Mean
Total Inputs(N) =(5,20,40,80,100)
Total Inputs(N)=5
 $\text{Mean}(x_m) = (x_1+x_2+x_3\dots x_n)/N$
 $\text{Mean}(x_m) = 245/5$
 $\text{Mean}(x_m) = 49$

To find Y Mean
Total Inputs(N) =(10,20,30,40,50)
Total Inputs(N)=5
 $\text{Mean}(Y_m) = (y_1+y_2+y_3\dots y_n)/N$
 $\text{Mean}(Y_m) = 150/5$
 $\text{Mean}(Y_m) = 30$

To find Slope
 $\text{Slope} = (\sum XY - N \times X \times Y) / (\sum X^2 - N \times X)$

$$\begin{aligned} &= [(50+400+1200+3200+5000) - (5 \times 30 \times 49)] / [(25+400+1600+6400+10000) - (5 \times 49^2)] \\ &= (9850 - 7350) / (18425 - 12005) \\ &= 2500 / 6420 \\ &= 0.3894 \end{aligned}$$

To find Intercept Value:

$$\begin{aligned} A &= \bar{Y} - \text{Slope} \times \bar{X} \\ &= 30 - (0.3894 \times 49) \\ &= 10.9194. \end{aligned}$$

To find Linear Regression:

$$\begin{aligned} Y &= A + Bx \\ \text{Answer} &= 10.9194 + 0.3894 X \end{aligned}$$

Calculate the relative variability (coefficient of variance) for the samples 60.25, 62.38, 65.32, 61.41, and 63.23 of a population

- a. 0.0301
- b. 0.0307
- c. 0.0103
- d. 0.0107

Ans - b

Solution

$$\begin{aligned} \text{Mean} &= (60.25 + 62.38 + 65.32 + 61.41 + 63.23) / 5 \\ &= 312.59 / 5 \\ &= 62.51 \end{aligned}$$

calculate standard deviation

$$\begin{aligned} &= \sqrt{(1/(5-1)) * ((60.25 - 62.51799)^2 + (62.38 - 62.51799)^2 + (65.32 - 62.51799)^2 + (61.41 - 62.51799)^2 + (63.23 - 62.51799)^2)} \\ &= \sqrt{(1/4) * (-2.267992 + -0.137989992 + 2.802012 + -1.107992 + 0.712012)} \\ &= \sqrt{(1/4) * (5.14377 + 0.01904 + 7.85126 + 1.22764 + 0.50695)} \\ &= \sqrt{3.68716} \quad \sigma = 1.92 \end{aligned}$$

calculate coefficient of variance

$$\begin{aligned} \text{Coefficient of Variance} &= (\text{Standard Deviation } (\sigma) / \text{Mean } (\mu)) \\ &= 1.92 / 62.51 \\ &= 0.0307 \end{aligned}$$

Given,

1. Consumptions - Rs. 62000
2. Gross investment - Rs. 46000
3. Govt spending - Rs. 14000
4. Export - Rs. 96000
5. Import - Rs. 72000
6. Indirect Taxes - Rs. 15000
7. Subsidies(on production and import) - RS. 8000
8. Compensation of employee - Rs. 1000
9. Property Income - Rs. 1000
- 7,8,9 - Net receivable from aboard
- 10.Total capital gains from overseas investment - Rs. 18000
- 11.Income earned by foreign national domestically - Rs. 8000

1. Calculate GDP

- a. Rs. 139000
- b. Rs. 146000
- c. Rs. 156000
- d. Rs. 165000

Ans - b

2. Calculate GDP at cost factor

- a. Rs. 139000
- b. Rs. 146000
- c. Rs. 156000
- d. Rs. 165000

Ans - a

3. Calculate GNP

- a. Rs. 139000
- b. Rs. 146000
- c. Rs. 156000
- d. Rs. 165000

Ans - c

Solution :

1. $GDP = Consumption + Gross\ investment + Government\ spending + (Exports - Imports)$
 $GDP = C+I+G+(X-M)$
 $= 62000+46000+14000+(96000-72000)$
 $= 122000+24000 = 146000$

2. GDP at factor rate
 $= GDP - (Indirect\ taxes - subsidies)$
 $= 146000 - (15000 - 8000)$
 $= 146000 - 7000 = 139000$

3. $GNP = GDP + NR$ (total capital gains from Overseas investment-income earned by foreign national domestically)
 $= 146000 + (18000 - 8000)$
 $= 146000 + 10000 = 156000$

Given,

Corporation tax	- Rs. 1000 Crores
Income tax	- Rs. 800 Crores
Other taxes and duties	- RS. 600 Crores
Customs	- RS. 800 Crores
Union exercise tax	- Rs. 600 Crores
Service tax	- Rs. 500 Crores
Tax of union territories	- Rs. 300 Crores
Interest receipt	- Rs. 500 Crores
Dividend & profit	- Rs. 700 Crores
External grant	- Rs. 300 Crores
Other non tax revenue	- Rs. 1000 Crores
State Share	- Rs. 600 Crores
Receipt of union territories	- Rs. 800 Crores
Trf to NCCD (National calamity Contingency fund)	- Rs. 300 Crores

1. Calculate Gross Tax Revenue ...

- a. Rs 3800 Crores
- b. Rs 4300 Crores
- c. Rs 4600 Crores
- d. Rs 5600 Crores

Ans - c

2. Calculate Net Tax revenue ...

- a. Rs 2900 Crores
- b. Rs 3700 Crores
- c. Rs 4000 Crores
- d. Rs 4600 Crores

Ans - b

Solution :

1. Gross Tax revenue = Corporation Tax + Income tax + other tax & duties + customs + union excise duties + service Tax + taxes on union territories
= 1000+800+600+800+600+500+300
= 4600 Crores

2. Net Tax Revenue = Gross tax revenue - NCCD transferred to the National Calamity Contingency fund - state share
= 4600-300-600
= 3700 Crores

Calculate the population standard deviation or dispersion of entire population 165.23, 172.51, 162.90, 160.64, 174.08, and 167.45

- a. 23.49
- b. 23.94
- c. 24.39
- d. 24.93

Ans - a

Solution:

$$\begin{aligned}\text{Mean} &= (165.23 + 172.51 + 162.90 + 160.64 + 174.08 + 167.45)/6 \\ &= 1002.81/6 \\ &= 167.135\end{aligned}$$

$$\begin{aligned}\sigma_N &= \sqrt{(1/6) * (165.23-167.135)^2 + (172.51-167.135)^2 + (162.90-167.135)^2 + (160.64-167.135)^2 + (174.08-167.135)^2 + (167.45-167.135)^2} \\ &= \sqrt{(1/6) * (-1.9052 + 5.3752 + -4.2352 + -6.4952 + 6.9452 + 0.3152)} \\ &= \sqrt{(1/6) * (3.629025 + 28.890625 + 17.935225 + 42.185025 + 48.233025 + 0.099224999999999)} \\ &= \sqrt{23.49534784} \\ \sigma_N &= 4.8472\end{aligned}$$

variance = $(\sigma N)^2$
= 4.8472×4.8472
= 23.49

Calculate the mean, SD and variance for random samples of a population 7, 9, 8, 6, 7, 12 and 10

- a. 4.2568
- b. 4.2658
- c. 4.2856
- d. 4.2865

Ans - c

Solution:

Mean = $(7 + 9 + 8 + 6 + 7 + 12 + 10)/7$
= $59/7$
= 8.42857

$\sigma = \sqrt{(1/7-1) * (7-8.42857)^2 + (9-8.42857)^2 + (8-8.42857)^2 + (6-8.42857)^2 + (7-8.42857)^2 + (12-8.42857)^2 + (10-8.42857)^2}$
= $\sqrt{(1/6) * (-1.428572 + 0.571432 + -0.428572 + -2.428572 + -1.428572 + 3.571432 + 1.571432)}$
= $\sqrt{(1/6) * (2.0408122449 + 0.3265322449 + 0.1836722449 + 5.8979522449 + 2.0408122449 + 12.7551122449 + 2.4693922449)}$
= $\sqrt{4.2856866361}$
 $\sigma = 2.07019$

variance = σ^2
= 2.07019×2.07019
= 4.2856

Given,

Recoveries of loan and advance - Rs. 2000 Crores
Misc capital receipt - Rs. 500 Crores
Market loans - Rs. 500 Crores
Short term borrowings - Rs. 1000 Crores
External assistance (Net) - Rs. 300 Crores
State provident fund - Rs. 400 Crores
Other receipts (Net) - Rs. 1000 Crores
Securities issued against small savings - Rs. 500 Crores
Recoveries of short term loans and advances from states and loans to govt servants - Rs. 800 Crores

Total Non Tax Revenue - Rs. 4000 Crores
Net Tax Revenue - Rs. 1500 Crores
Draw down cash balance - Rs. 3000 Crores

1. Calculate Debt Receipt ...

- a. Rs 3700 Crores
- b. Rs 4200 Crores
- c. Rs 4700 Crores
- d. Rs 5400 Crores

Ans - a

.....

2. Calculate Non-Debt Receipt ...

- a. Rs 1700 Crores
- b. Rs 3200 Crores
- c. Rs 3700 Crores
- d. Rs 5400 Crores

Ans - c

.....

3. Calculate Capital Receipt ...

- a. Rs 3700 Crores
- b. Rs 4200 Crores
- c. Rs 4700 Crores
- d. Rs 5400 Crores

Ans - d

.....

Solution :

1. Debt Receipt = Market Loans + Short Term Borrowings + External assistance(NET) + Securities issued against Small savings + State provident fund + other Receipts(Net)

$$= 500 + 1000 + 300 + 500 + 400 + 1000$$
$$= 3700 \text{ Crores}$$

2. Non Debt Receipt = Recoveries of loan & advances (deduct recoveries of short term loans & advance from state and loans to govt sarvants) + MISC Capital receipts

$$= 2000 - 800 + 500$$
$$= 1700 \text{ Crores}$$

3. Capital Receipt = Non Debt Receipt + Debt Receipt
= 1700 + 3700
= 5400 Crores

Return on assets = 5.5%, Total assets Rs. 3,000 and common equity Rs. 1,050 then return on equity would be

- a. Rs. 275
- b. 15.71%
- c. 1.93%
- d. 1.925 times

Ans - b

Solution

Return on equity = Total Assets * Return on Assets / Common Equity
= $3000 * 5.5 / 1050$
= $16500 / 1050$
= 15.714
= 15.71

Which of the following are techniques, tools or methods of analysis and interpretation of financial statements? (i) Ratio Analysis, (ii) Average Analysis, (iii) Trend Analysis

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

Price per share divided by earnings per share is formula for calculating

- a. price earning ratio
- b. earning price ratio
- c. pricing ratio
- d. earning ratio

Ans - a

Which of the following statements are true? (i) In the accounting cycle, closing entries are made before the adjusting entries (ii) Financial statements may be prepared soon after the adjusted trail balance, (iii) The owner's equity is not up to the date until the closing entries are posted

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

Which of the following punishments in disciplinary actions fall under minor punishment? (i) Warning, (ii) Demotion, (iii) Censure, (iv) Dismissal.

- a. (i) and (ii)
- b. (i), (ii) and (iii)
- c. (i) and (iii)
- d. (i), (ii) and (iv)

Ans - c

What are the alternate names used for the expectancy model? (i) Instrumentality theory, (ii) Path-goal theory, (iii) Valence-instrumentality-expectancy theory

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

What does "E", "R" and "G" stand for in the ERG theory?

- a. Export, Risk and Guarantee
- b. Exponential, Reliability and Growth
- c. Existence, Relatedness and Growth
- d. None of the above

Ans - c

From the strategic point of view, in which three categories can an organisation be grouped? (i) Defenders, (ii) Prospectors, (iii) Analysers

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

Match the following general applications of performance assessment with their specific purposes

- I. Administrative Uses/ Decisions ----- A. Performance Feedback
- II. Documentation ----- B. Lay - offs
- III. Organisational Maintenance/ Objectives ----- C. Helping to meet legal requirements
- IV. Developmental Uses ----- D. Evaluation of HR systems

- a. I-C, II-D, III-B, IV-A
- b. I-B, II-C, III-D, IV-A
- c. I-B, II-C, III-D, IV-D
- d. I-A, II-B, III-D, IV-C

Ans - b

..... is viewed as process by which an organization should move from its current manpower position to its desired manpower position.....

- a. Human Resource Planning
- b. Human Resource Management
- c. Human Resource Development
- d. All of the above

Ans - a

Stratified random sampling is a method of selecting a sample in which (i) the sample is first divided into strata, and then random samples are taken from each stratum, (ii) the population is first divided into strata, and then random samples are drawn from each stratum

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)

d. Both (i) and (ii)

Ans - b

.....

Turning points in the level of economic activity can be forecast by using

- a. Time-series analysis
- b. Exponential smoothing
- c. Barometric methods
- d. Moving average

Ans - c

.....

Consider that the sample mean is 10 and sample standard error of mean is 1. what interval in which the population mean will lie with 95.5% confidence.

- a. (6.5, 13.5)
- b. (8, 10)
- c. (8, 12)
- d. (11, 13.5)

Ans - c

Solution

For a 95.5% confidence level, the interval will be mean + or - 2* Standard error
=(10-2 , 10+2)
= (8,12)

.....

“The sampling distribution tends to be quite closer to the normal distribution, specially when the sample happens to be a large one.” The significance of such a distribution follows from the fact (i) mean of a sampling distribution is the same as the mean of the population, (ii) mean of a sample distribution is more or less than the mean of the universe

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - a

.....

Temperature and air pollution are known to be correlated. We collect data from two laboratories, in Newdelhi and Mumbai. Newdelhi makes their measurements of temperature in Fahrenheit, and Mumbai in degrees centigrade. Newdelhi measures pollution in particles per cubic yard of air; Mumbai uses cubic meters. Both report a correlation of exactly 0.58 between temperature and pollution. Which of the following is true?

- a. Newdelhi really has the higher correlation, because Fahrenheit temperatures are higher than Centigrade.
- b. Mumbai really has the higher correlation, because cubic meters are bigger than cubic yards.
- c. Both cities have the same correlation, because correlation is independent of the units of measurement.
- d. We do not know which city has the really higher correlation.

Ans - c

The application of linear programming techniques is possible in (i) portfolio selection, (ii) profit planning, (iii) staffing problem

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

The frequency distribution given below refers to the heights in centimetres of 100 people. Determine the mean value of the distribution, correct to the nearest millimetre.

150–156 = 5
157–163 = 18
164–170 = 20
171–177 = 27
178–184 = 22
185–191 = 8

- a. 168.7 cm
- b. 170.7 cm
- c. 171.7 cm
- d. 173.7 cm

Ans - c

Solution :

$$\begin{aligned}\text{Mean value} &= \{(5 \times 153) + (18 \times 160) + (20 \times 167) + (27 \times 174) + (22 \times 181) + (8 \times 188)\} / 100 \\ &= 17169 / 100 \\ &= 171.7 \text{ cm}\end{aligned}$$

Which of the following principle provides the definite and factual basis for assets valuation?

- a. Stable Currency principle
- b. Objectivity Principle
- c. Matching Principle
- d. Cost Principle

Ans - b

Consider the following data, for a given firm:

Total assets - 1 Crore
Current assets - 40 Lakhs
Current liabilities - 35 Lakhs
Long-term debt(book) - 50 Lakhs
Total stockholders' equity(book) - 15 Lakhs
Retained earnings - 10 Lakhs
Sales - 1.5 Crores
EBIT - 8 Lakhs
Market value of equity - 30 Lakhs

Compute Altman's Z-score for this firm

- a. 0.82
- b. 2.32
- c. 4.20
- d. 3.73

Ans - b

Formula such as net income available for common stockholders divided by total assets is used to calculate

- a. return on total assets
 - b. return on total equity
 - c. return on debt
-

d. return on sales

Ans - a

In a bank's credit analysis of a business loan application, typical uses of financial ratios would include (i) a cross-sectional analysis of ratios, with other firms, (ii) a time series analysis of ratios, with the applicant's historical ratios, (iii) a ratio analysis conducted by Federal banking authorities

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - a

Which of the following is not a type of performance appraisal?

- a. Team Based Appraisal
- b. Appraisal of Managers
- c. Customer Appraisals
- d. 45 Degree Appraisal

Ans - d

..... is the process of managing people in organizations in a structured and thorough manner. Choose the wrong one. (i) Human Resource Planning, (ii) Human Resource Management, (iii) Human Resource Development

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - b

Go through the following data and answer the question.

- 1. Consumptions - Rs. 100000 Cr
 - 2. Gross investment - Rs. 75000 Cr
 - 3. Govt spending - Rs. 25000 Cr
-

4. Export - Rs. 100000 Cr
5. Import - Rs. 75000 Cr
6. Indirect Taxes - Rs. 15000 Cr
7. Subsidies(on production and import) - RS. 10000 Cr
8. Compensation of employee - Rs. 500 Cr
9. Property Income - Rs. 500 Cr
- 7,8,9 - Net receivable from aboard
- 10.Total capital gains from overseas investment - Rs. 20000 Cr
- 11.Income earned by foreign national domestically - Rs. 10000 Cr

Calculate GDP at cost factor

- a. Rs. 220000 Cr
- b. Rs. 225000 Cr
- c. Rs. 230000 Cr
- d. Rs. 235000 Cr

Ans - a

Solution :

$$\begin{aligned} \text{GDP} &= \text{Consumption} + \text{Gross investment} + \text{Government spending} + (\text{Exports} - \text{Imports}) \\ \text{GDP} &= C+I+G+(X-M) \\ &= 100000+75000+25000+(100000-75000) \\ &= 225000 \end{aligned}$$

$$\begin{aligned} \text{GDP at factor rate} &= \text{GDP}-(\text{Indirect taxes}-\text{subsidies}) \\ &= 225000-(15000-10000) \\ &= 220000 \end{aligned}$$

Demand for a product at Rs. 25 per unit is 1000. If the price elasticity of demand is 1.5, how much the demand will be at Rs. 40 per unit?

- a. 240
- b. 200
- c. 160
- d. 120

Ans - c

Solution :

Price Elasticity of Demand = % Change in Quantity Demanded / % Change in Price

$$\% \text{ Change in Quantity Demanded} = 1000 - x / 1000 * 100 = (1000 - x) / 10$$

$$\% \text{ Change in Price} = 15 / 25 * 100 = 60$$

Price Elasticity of Demand = % Change in Quantity Demanded / % Change in Price

$$1.5 = ((1000 - x) / 10) / 60$$

$$90 = (1000 - x) / 10$$

$$900 = 1000 - x$$

$$x = 1000 - 900$$

$$x = 100$$

Summary of a Balance sheet of XYZ Company

Current Liabilities (in Crores)

Cash Credit - 3200

Trade Creditors - 9500

Other Current Liabilities - 2000

Total Current Liabilities - 14700

Current Assets (in Crores)

Cash - 5000

Inventory - 14000

Debtors - 4200

Other Current Assets - 2000

Total Current Assets - 25200

Find out

1. Current Ratio

a. 1.61

b. 1.71

c. 1.81

d. 1.91

Ans - b

$$\text{Current Ratio} = \text{CA} / \text{CL} = 25200 / 14700 = 1.71$$

2. Acid-Test Ratio

- a. 0.71
- b. 0.76
- c. 0.81
- d. 0.86

Ans - b

$$\text{Acid-Test Ratio} = \text{Quick Assets/CL} = (\text{CA-Inv})/\text{CL} = (25200-14000)/14700 = 11200/14700 = 0.76$$

3. Net Working Capital

- a. 10000
- b. 10500
- c. 11000
- d. 11500

Ans - b

$$\text{Net Working Capital} = \text{CA} - \text{CL} = 25200 - 14700 = 10500$$

4. Working Capital Gap

- a. 12700
- b. 13200
- c. 13700
- d. 14200

Ans - c

$$\text{Working Capital Gap} = \text{CA} - (\text{CL} - \text{BB}) = 25200 - (14700 - 3200(\text{CC})) = 25200 - 11500 = 13700$$

5. MPBF as per Tandon Committee - Method-I

- a. 10275
- b. 10775
- c. 13700
- d. 17300

Ans - a

$$\text{MPBF as per Tandon Committee - Method-I} = \text{WCG} - 25\% \text{ of WCG} = 13700 - 25\% \text{ of } 13700 = 13700 - 3425 = 10275$$

6. MPBF as per Tandon Committee - Method-II

- a. 6200
- b. 6700
- c. 7200
- d. 7400

Ans - d

MPBF as per Tandon Committee - Method-II = WCG - 25% of CA = 13700 - 25% of 25200 = 13700 - 6300 = 7400

7. Current Ratio as per Tandon Committee - Method-I

- a. 1.01
- b. 1.06
- c. 1.11
- d. 1.16

Ans - d

Current Ratio as per Tandon Committee - Method-I = CA / (MPBF + Trade Creditors + Other CL) = 25200 / (10275+9500+2000) = 25200 / 21725 = 1.16

8. Current Ratio as per Tandon Committee - Method-II

- a. 1.07
- b. 1.09
- c. 1.23
- d. 1.33

Ans - d

Current Ratio as per Tandon Committee - Method-II = CA / (MPBF + Trade Creditors + Other CL) = 25200 / (7400+9500+2000) = 25200 / 18900 = 1.33

9. Borrowing by the way of Cash Credit when compared with Tandon Committee - Method-I

- a. 7025
- b. 7075
- c. 7125
- d. 7175

Ans - b

Borrowing by the way of Cash Credit = 3200
MPBF as per Tandon Committee - Method-I = 10275
So, Borrowing by the way of Cash Credit is short by $(10275 - 3200) = 7075$ Crores

10. Borrowing by the way of Cash Credit when compared with Tandon Committee - Method-II

- a. 4200
- b. 4600
- c. 5000
- d. 5400

Ans - a

Borrowing by the way of Cash Credit = 3200
MPBF as per Tandon Committee - Method-II = 7400
So, Borrowing by the way of Cash Credit is short by $(7400 - 3200) = 4200$ Crores

Working capital turn over ratio is 4 and current ratio is 3:1. If current liabilities are Rs. 15 lac and net profit to sales percent 7%, what is the amount of net profit?

- a. Rs. 10.2 lac
- b. Rs. 11.4 lac
- c. Rs. 12.6 lac
- d. Rs. 13.8 lac

Ans - c

Solution :

Since CR=3:1 and current liabilities are Rs. 15 lac
Current assets will be Rs. 45 lac
Now since wc turn over ratio is 4 that means the total turn over will be $45 \times 4 = 180$ lac
Then profit should be $180 \times 7\% = 12.6$ lac

By Parallel economy is meant an economy

- a. Which runs side by side of the existing economy?
- b. Which has the same characteristics as the main economy?
- c. Which has variety of parallel businesses?
- d. Which has plentiful of black money?

Ans - d

Calculate Inflation, if Price index in current year is 15 and price index in base year is 12.

- a. 20
- b. 25
- c. 30
- d. 35

Ans - b

solutions :

$$\begin{aligned}\text{Inflation} &= (\text{price index in current year} - \text{price index in base year}) / (\text{price index in base year}) * 100 \\ &= (15 - 12) / 12 * 100 \\ &= 3 / 12 * 100 \\ &= 25\end{aligned}$$

Given,

Currency with public - Rs. 250000 Crores

Demand deposit with banking system - Rs. 400000 Crores

Time deposits with banking system - Rs. 500000 Crores

Other deposit with RBI - Rs. 600000 Crores

Savings deposit of post office savings banks - Rs. 200000 Crores

All deposit with post office savings bank excluding NSCs - Rs. 100000 Crores

Calculate broad money M3.

- a. Rs. 1250000 Crores
- b. Rs. 1500000 Crores
- c. Rs. 1750000 Crores
- d. Rs. 2000000 Crores

Ans - c

Solution :

M1 = currency with public + demand deposit with the banking system + other deposits with RBI

$$M1 = 250000 + 400000 + 600000$$

$$M1 = 1250000$$

M3 = M1 + Time deposit with banking system

So,

$$M3 = 1250000 + 500000$$

$$M3 = 1750000 \text{ Crores}$$

Go through the following data and answer the question.

1. Consumptions - Rs. 100000 Cr
2. Gross investment - Rs. 75000 Cr
3. Govt spending - Rs. 25000 Cr
4. Export - Rs. 100000 Cr
5. Import - Rs. 75000 Cr
6. Indirect Taxes - Rs. 15000 Cr
7. Subsidies(on production and import) - RS. 10000 Cr
8. Compensation of employee - Rs. 500 Cr
9. Property Income - Rs. 500 Cr
- 7,8,9 - Net receivable from aboard
- 10.Total capital gains from overseas investment - Rs. 20000 Cr
- 11.Income earned by foreign national domestically - Rs. 10000 Cr

Calculate GNP

- a. Rs. 220000 Cr
- b. Rs. 225000 Cr
- c. Rs. 230000 Cr
- d. Rs. 235000 Cr

Ans - d

Solution :

GDP = Consumption + Gross investment + Government spending + (Exports - Imports)

$$\begin{aligned} \text{GDP} &= C+I+G+(X-M) \\ &= 100000+75000+25000+(100000-75000) \\ &= 225000 \end{aligned}$$

GNP=GDP+NR(total capital gains from Overseas investment-income earned by foreign national domestically)

$$\begin{aligned} &= 225000 + (20000-10000) \\ &= 235000 \end{aligned}$$

Which ONE of the following methods is generally used in qualitative sampling?

- a. Random digit dialling
- b. Quota
- c. Stratified random
- d. Simple random

Ans - b

XYZ Pvt Ltd has the following assets and liabilities as on 31st March 2016 (in Lakhs) :

Non Current Assets

Goodwill 75
Fixed Assets 75

Current Assets

Cash in hand 25
Cash in bank 50
Short term investments 45
Inventory 25
Receivable 100

Current Liabilities

Trade payables 100
Income tax payables 60

Non Current Liabilities

Bank Loan 50
Deferred tax payable 25

Find the Quick Ratio

- a. 1.38
- b. 1.42
- c. 1.46
- d. 1.52

Ans - a

Solution :

Quick Ratio = (Cash in hand + Cash at Bank + Receivables + Marketable Securities) / Current Liabilities
= (25+50+45+100) / 160
= 220 / 160
= 1.38

XYZ shoes sells shoes. It is applying for loans to help fund to increase the inventory. The bank asks for its balance sheet so they can analysis the current debt levels. According to XYZ shoes's balance sheet it reported 10,00,000 of current liabilities and only 2,50,000 of current assets. Will the loan get approved?

- a. 0.25
- b. 0.5
- c. 0.75
- d. 1

Ans – a

Solution :

$$\begin{aligned}\text{Current Ratio} &= \text{Current Assets} / \text{Current Liabilities} \\ &= 250000 / 1000000 \\ &= 0.25\end{aligned}$$

XYZ shoes only has enough current assets to pay off 25 percent of his current liabilities. This shows that XYZ shoes is highly leveraged and highly risky. Banks would prefer a current ratio of at least 1 or 2, so that all the current liabilities would be covered by the current assets. Since XYZ shoes's ratio is so low, it is unlikely that it will get approved for his loan.

ABC Agency has several loans from banks for equipment they purchased in the last five years. All of these loans are coming due which is decreasing their working capital. At the end of the year, they had 1,00,000 of current assets and 1,25,000 of current liabilities. Find out its Working Capital Ratio.

- a. 0.6
- b. 0.8
- c. 1
- d. 1.2

Ans - b

Solution :

The working capital ratio is calculated by dividing current assets by current liabilities.

$$\begin{aligned}\text{WC Ratio} &= \text{CA/CL} \\ &= 100000 / 125000 \\ &= 0.80\end{aligned}$$

Suppose you purchased a bond Rs.1000 for Rs.920. The interest is 10 percent, and it will mature in 10 years. Calculate Yield to maturity

- a. 10.75 %
- b. 11.00 %
- c. 11.25 %
- d. 11.50 %

Ans – c

Solution :

C=Coupon payment
F=Face value
P=Price

n=Years to maturity
Yield To Maturity= $C+(F-P/n)/(F+P/2)$
= $100+(1000-920/10)/(1000+920/2)$
= $100+(80/10)/(1920/2)$
= $100+8/960$
= $108/960$
= 0.1125
= 11.25%

A company has 1,00,000 of bank lines of credit and a 5,00,000 mortgage on its property. The shareholders of the company have invested 12,00,000. Calculate the debt to equity ratio.

- a. 0.25
- b. 0.5
- c. 0.75
- d. 1

Ans - b

Solution :
DER = TL / Total Equity
= $(100000+500000) / 1200000$
= $600000 / 1200000$
= 0.5

A company has total assets at 1,50,000 and its total liabilities are 50,000. Based on the accounting equation, we can assume the total equity is 1,00,000. Find the Equity Ratio.

- a. 0.33
- b. 0.5
- c. 0.67
- d. 0.75

Ans – c

Solution :
ER = Total Equity / TA
= $100000 / 150000$
= 0.67

Choose incorrect statement(s) out of the following:

- a. Business cycles are highly unpredictable
- b. Economic activity is at its lowest level during the recession phase

- c. During boom period production capacities are fully utilized
- d. None of the above

Ans - b

Mechanistic (or Behaviorist) theories, Cognitive theories and Organismic (humanistic) theories are three theories of learning. Which one of these theories equates man with his brain?

- a. Behaviorist or mechanistic theories
- b. Cognitive theories
- c. Organismic or humanistic theories
- d. All of the above

Ans - b

In balance sheet amount of total assets is Rs 10 lac, current liabilities Rs 5 lac and capital and reserves Rs 2 lac. What is the debt-equity ratio?

- a. 1:1
- b. 1.5:1
- c. 1.75:1
- d. 2:1

Ans - b

Let me Explain

As per Balance sheet rule Total assets = Total liabilities

Since total assets here is Rs 10 lac hence total liabilities must be 10 lac.

Now Long term debt = $10 - (5 + 2) = 3$ lac and capital + reserve (TNW i.e tangible net worth) = 2 lac

Since DER = TL/TNW or debt/equity or $TL/equity$ hence $3/2 = 1.5$ lac

Working capital turn over ratio is 6 and current ratio is 2:1. If current liabilities are Rs 10 lac and net profit to sales percent 5%. What is the amount of net profit?

- a. Rs 10 lac
- b. Rs 8 lac
- c. Rs 7 lac
- d. Rs 6 lac

Ans - d

Let me Explain

Since CR=2:1 and liabilities are 10 lac

Hence current asset will be 20 lac

Now since wc turn over is 6 that means the total turn over will be $20 \times 6 = 120$ lac

Then profit should be $120 \times 5\% = 6$ lac

DER is 3:1, the amount of total assets Rs 20 lac , current ratio is 1.5:1 and owned funds Rs 3 lac. What is amount of current assets?

- a. 3 lac
- b. 5 lac
- c. 12 lac
- d. 15 lac

Ans - c

Let me Explain

Owned fund= equity= 3 lac

Since DER = 3:1

i.e Debt: equity = 3:1

Hence Debt = 9 lac

(if we consider debt and equity as long term liabilities then term liability works out to 12(9+3 lac)

Here total assets is 20 lac

Now as per balance sheet equation total Assets= total liabilities

Hence here total liabilities will be 20 lac also

Now term liabilities of Rs 12 lac and remaining 8 lac as current liabilities (12+8=20)

Hence CL=8 lac

Since here CR=1.5:1 then

$1.5:1 = CA:8$

i.e CA= $1.5 \times 8 = 12$ lac

For the purpose of macro-economic analysis, domestic territory of a country does not include:

- a. Fishing vessels operated by residents of India
- b. American embassy in New Delhi
- c. Indian embassy in Italy
- d. Aero-planes owned and operated by Air India between India and Japan

Ans - b

Which of the following cannot be included in capital as factor of production?

- a. Factory building
- b. river
- c. machinery
- d. car used for factory work

Ans - b

..... theories equate man with his brain, based on the proposition that one thing that distinguishes human beings from other living things is that they possess brains that are capable of critical thinking and problem solving.

- a. Cognitive Theories
- b. Behaviourist Theories
- c. Organismic Theories
- d. Humanistic Theories

Ans - a

A bond has been issued with a face value of Rs. 20000 at 12% Coupon for 3 years. The required rate of return is 10%. What is the value of the bond?

- a. 20595
- b. 29095
- c. 25095
- d. 20995

Ans - d

Explanation :

Here,

FV = 20000

Coupon Rate (CR) = 0.12

t = 3 yr

R (YTM) = 0.10

Coupon = FV × CR = 2400

Bond Price = $(1/(1+R)^t)((\text{coupon} * ((1+R)^t - 1)/R) + \text{Face Value})$

So, Value of bond = 20995

(Since Coupon rate > YTM, so FV < Bond's Value)

.....
A person with locus of control is geared to look for resources around him, anticipate events and doesn't wait for things to happen.

- a. External
- b. Internal
- c. Patent
- d. Providential

Ans - b

.....
Calculate Inflation, if Price index in current year is 13 and price index in base year is 10.

- a. 20
- b. 25
- c. 30
- d. 35

Ans - c

solutions :

$$\begin{aligned} \text{Inflation} &= (\text{price index in current year} - \text{price index in base year}) / (\text{price index in base year}) * 100 \\ &= (13 - 10) / 10 * 100 \\ &= 3 / 10 * 100 \\ &= 30 \end{aligned}$$

..... is the rate at which banks park their short term excess liquidity with the RBI.

- a. Reverse Repo rate
- b. Repo Rate
- c. OMO
- d. Bank rate

Ans - a

Mr. Raj work in an international bank as an Accountant. Match his congruent occupation with his personality type as per John Holland personality job fit theory.

- a. Social
- b. Investigative
- c. Realistic
- d. Conventional

Ans - d

The DER is 3:1, the amount of total assets Rs 20 lac, current ratio is 1.5:1 and owned funds Rs 3 lac. What is the amount of current asset?

- a. 3 lac
- b. 5 lac
- c. 12 lac
- d. 15 lac

Ans - c

Find the present value of quarterly payment of Rs. 250 for 5 years @ 12% compounded quarterly.

- a. 3179
- b. 3019
- c. 3109
- d. 3719

Ans - d

Explanation :

Here,

$P = \text{Rs. } 250$

$T = 5 \text{ years} = 5 \times 4 = 20 \text{ quarters}$

$R = 12\% = 12\% \div 4 = 0.03\% \text{ quarterly}$

$PV = P / R * [(1+R)^T - 1] / (1+R)^T$

$PV = 250 \times (1.0320 - 1) \div (0.03 \times 1.0320)$

$= 3719$

What is the discount factor for Re. 1 to be received at the end of 2 yr with prevalent rate of 8% ?

- a. 0.890
- b. 0.873
- c. 0.857
- d. 0.842

Ans - c

Solution :

$$= 1/(1+r)^n$$
$$= 1/(1.08)^2 = 0.857$$

Right hemisphere control left side of body and perform so many activity given below except one.

- a. Holistic
- b. Emotional
- c. Recognition of complex figures
- d. Controlled

Ans - d

The process of capturing the tacit knowledge of people in a systematic manner for future use is not called as (i) Data entry, (ii) Information technology, (iii) Knowledge management

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - a

Which of the following factor/s affect elasticity of demand? (i) Share in the total expenditure, (ii) Multiple uses of the commodity, (iii) Availability of close substitutes

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

Mr. Ganguli is a brilliant manager in ABC Bank. He is one of the few persons picked up by the top management from an IIM after MBA. Always on two phones at a time, he boasts about having no patience with the laggards. Often, he can be heard aggressively yelling at people on small issues. What type of person is Mr. Ganguli?

- a. Type A personality
- b. Type B personality
- c. Type C person
- d. Type D person

Ans - a

What is most essential for achieving Work-Life balance?:

- a. Time management
- b. Efficiency
- c. Assertiveness
- d. Emotional maturity

Ans - d

The system's costs are projected at which stage of the SDLC?

- a. Planning and Analysis
- b. Design
- c. Implementation
- d. Operation and Maintenance

Ans - b

According to personality job fit theory of John Holland, there are 6 types of personality. Which of the following are among such personality? (i) realistic, (ii) conventional, (iii) artistic

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

There is a pattern of change within a year and the pattern is regular in

- a. secular trend
- b. cyclical fluctuation
- c. seasonal variation
- d. irregular variation

Ans - c

.....

The value of the variable is unpredictable and changing in a random manner in

- a. secular trend
- b. cyclical fluctuation
- c. seasonal variation
- d. irregular variation

Ans - d

.....

Pick the correct sentence(s):

- a. Cyclical variation tends to oscillate above and below the secular trend line for periods longer than a year.
- b. Seasonal variation makes a complete regular cycle within each year and does not affect one year any more than another.
- c. both a and b
- d. none of these

Ans - c

.....

Revenue reserve represents accumulated retained earnings from the profits of normal business operations. These are held in various form that is given below. Pick up odd one.

- a. General reserve
- b. Investment allowance reserve
- c. Advance payment received
- d. Capital redemption reserve

Ans - c

.....

The people component is becoming the key factor to success of strategy

- a. For survival
- b. For growth
- c. For achieving excellence.
- d. For social status

Ans - d

Frequency of review should vary depending on the magnitude of risk for the average risk account.

- a. 01 month
- b. 03 months
- c. 06 Months
- d. 12 Months

Ans - c

A bond has been issued with a face value of Rs. 1000 at 10% Coupon for 3 years. The required rate of return is 8%. What is the value of the bond if the Coupon amount is payable on half-yearly basis?

- a. 1520
- b. 1052
- c. 1205
- d. 1025

Ans - b

Explanation :

Here,

FV = 1000

CR = 10% half-yearly = 5% p.a.

Coupon = FV × CR = 50

R = 8% yearly = 4% p.a.

t = 3 years

Bond Price = $(1/(1+R)^t)((\text{coupon}*((1+R)^t-1)/R)+\text{Face Value})$
= 1052

(Since Coupon rate > YTM, so FV < Bond's Value)

.....

The target given for advances to weaker sections in percentage of ANBC

- a. 10% for domestic banks
- b. 12% for foreign banks
- c. No target for domestic banks
- d. 10% for foreign banks

Ans - a

.....

In case of company, the charge should be registered with ROC within days from the date of execution of documents

- a. 15 days
- b. 30 days
- c. 45 days
- d. 2 months

Ans - b

.....

Base Rate is determined in each bank by

- a. ALCO
- b. BPLR
- c. ALM
- d. DSCR

Ans - a

Asset Liability Management Committee (ALCO)

.....

..... is/are not prominent features of Type B personalities. (i) Doing several things at one time, (ii) Feeling guilty when relaxing, (iii) Being aggressive

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

Mark the incorrect statement

- a. No target is given to domestic banks for small enterprise advances
- b. No target is given for agriculture advances in for foreign banks
- c. Export credit does not form a part of priority sector for domestic banks
- d. Export credit does not form a part of priority sector for foreign banks

Ans - d

.....

Which theories don't equate man with his brain ? (i) Organismic Theories, (ii) Mechanistic or Behaviourist Theories, (iii) Humanistic Theories

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

To give an overview of the organization 2.To inform Organization Vision / Mission and Objectives statement, its structure and hierarchy 3. To give an overview of the HR policies and processes and introduction to the Facilities team, IT team and other relevant teams per the location of joining. Which are not the objectives for the above? (i) Selection, (ii) Induction, (iii) Recruitment

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - b

.....

Isoguants are right angled only when

- a. Factors are perfect substitutes
- b. Factors are neutral
- c. Factors are perfect complements
- d. Factors are scarce

Ans - c

.....

Macro Economics is Based on

- a. Gross domestic Product
- b. Net Domestic Product
- c. National Income Concept only
- d. External Source.

Ans - b

In Economics the Law of Demand means

- a. When Demand Rises Price Falls
- b. When Price rises, Demand Falls
- c. No relationship of demand with prices
- d. None of These

Ans - b

Firm B has provided following information about its working capital need based on demand on annual sales of Rs. 30 lac.

Raw material value=2.40 lac, stock in process=1.60 lac, finished goods= Rs. 3.40 lac, outstanding debtors= Rs. 4 lac, cash =0.30, trade creditors= Rs. 2.60 lac and other current liabilities and other current liabilities = Rs. 0.80 lac

on the basis of this information answer, the following question.

1. what is the amount of working capital?

- a. 2.93 lac
- b. 5.37 lac
- c. 8.30 lac
- d. 11.70 lac

Ans - d

Solutions:

Gross working Capital = Current Assets means $2.4+1.6+3.4+4+0.3$
=11.70 lac

2. what is amount of working capital GAP?

- a. 2.93 lac
-

- b. 5.37 lac
- c. 8.30 lac
- d. 11.70 lac

Ans:

Solution

WC Gap = working capital -(trade creditors-current liabilities)

$$=11.7-(2.6-0.8)$$
$$= 8.30 \text{ lac}$$

3. What is the minimum net working capital(or margin), the firm is required to provide as per 2nd method of lending of Tandon Committee?

- a. 2.93 lac
- b. 5.37 lac
- c. 8.30 lac
- d. 11.70 lac

Ans - a

Solution:

Current assets (2.4+1.6+3.4+4+0.3)-Current liabilities(nil)*25/100

$$=11.7 \text{ lac (margin 25\% of current assets)}$$
$$=2.925 \text{ lacs}$$
$$=2.93 \text{ lac}$$

4. What is amount of permissible bank finance i.e. bank limits, the bank shall sanction?

- a. 2.93 lac
- b. 5.37 lac
- c. 8.30 lac
- d. 11.70 lac

Ans - a

Solution

MPBF=Working capital Gap-actual networking capital

$$=2.93-8.30$$
$$=5.37$$

Which of the following are types of in-house support for dismissed employees? (i) Skills training by consultants, (ii) Advice on redundancy payments., (iii) Disseminating information about current vacancies elsewhere.

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

A firm has the following financial figures from its balance sheet :

Capital → Rs 12 lac
Reserve → Rs 4 lac
Unsecured loan → Rs 5 lac
Current assets → Rs 16 lac
Pre operative expenses → Rs 2 lac
Its net worth = ?

- a. 12 lac
- b. 14 lac
- c. 16 lac
- d. 18 lac

Ans - b

..... is for learning related to present job.

- a. Training
- b. Education
- c. Development
- d. Motivation

Ans - a

The belief that an individual can or can't change the things is called

- a. Career anchor
 - b. Initiative
 - c. Locus of control
-

d. Self Actualization

Ans - c

.....
An investment at 10% is compounded monthly, what shall be the effect interest rate for this?

- a. 10.18 %
- b. 10.25 %
- c. 10.47 %
- d. 10.51 %

Ans - c

Solution :
 $= (1+0.10/12)^{12}-1$
 $= 10.47$

.....
A console bond of Rs. 10000 is issued at 6%. Coupon current interest rates and 9%. Find out the current value of the console bond.

- a. Rs.7660
- b. Rs.6760
- c. Rs.6667
- d. Rs.6676

Ans - c

Solution :
 $= 10000*0.06/0.09$
 $= 6000/0.09$
 $= 6670$

.....
A 15 year, 8 % Rs 1000 face value bond is currently trading at Rs 958. The YTM of this bond must be.....

- a. less than 8%
- b. equal to 8%
- c. greater than 8%
- d. unknown

Ans - c

Of the following bonds, which one has the highest degree of interest rate risk?

- a. 20 years 8% bond
- b. 5 years 8% bond
- c. 10 years 8% bond
- d. not enough information

Ans - a

A sum of Rs. 25, 000 is borrowed over 8 years. What will be the monthly repayments @ 18% compounded monthly?

- a. 439
- b. 493
- c. 394
- d. 349

Ans - b

Explanation :

Here,

PV = Rs. 25000

T = 8 years = 8 × 12 = 96 months

R = 18% = 18% ÷ 12 = 0.015% monthly

$$PV = P / R * [(1+R)^T - 1] / (1+R)^T$$
$$25000 = P \times (1.01596 - 1) \div (0.015 \times 1.01596)$$
$$25000 = P \times 50.7017$$
$$P = 25000 / 50.7017$$
$$= 493$$

XYZ Ltd has just issued a 10 year 7 % coupon bond. The face value of the bond is Rs 1000 and the bond makes annual coupon payments. If the required return on the bond is 10%, what is the bond's price?

- a. Rs 815.66
- b. Rs 923.67
- c. Rs 1000.00
- d. Rs 1256.35

Ans - a

Mechanistic Theories of Knowles are also called as

- a. Cognitive Theories
- b. Behaviourist Theories
- c. Organismic Theories
- d. Humanistic Theories

Ans - b

.....

It is a method of reducing stress and tension and stimulate creative thinking.....

- a. Stress reducing exercise
- b. split brain psychology
- c. ESB
- d. Physical exercise and yoga

Ans - c

.....

..... is for learning to prepare the individual for a different but identified job.

- a. Training
- b. Education
- c. Development
- d. Motivation

Ans - b

.....

ABC Ltd just issued a 10 year 7% coupon bond. The face value of the bond is Rs 1000 and the bond makes semiannual coupon payments. If the required return on the bond is 10% , what is the price of bond?

- a. Rs 815.66
- b. Rs 1000.00
- c. Rs 813.07
- d. Rs 1035.27

Ans - c

.....

Humanistic Theories of Knowles are also called as

- a. Cognitive Theories
- b. Behaviourist Theories
- c. Organismic Theories
- d. Mechanistic Theories

Ans - c

BPLR system of lending rates was replaced by base rate system with effect from ...

- a. 01 Jun 2010
- b. 01 Jul 2011
- c. 01 Jun 2011
- d. 01 Jul 2010

Ans - d

A company has net worth of Rs 10 lac, term liabilities are Rs 10 lac. Fixed Assets worth Rs 16 lac and current assets are Rs 25 lac. There is no intangible assets or the non current assets. Calculate it's net working capital.

- a. 1 lac
- b. 2 lac
- c. 3 lac
- d. 4 lac

Ans - d

Let me Explain

Here Net worth = capital + reserve = 10 lac
Since capital is a kind of liability hence liability = 10 lac
Liabilities = 10+10 = 20 lac
Assets = 16+25 = 41 lac
But as per balance sheet Total assets = Total liabilities
Hence liabilities must be 41 lac also
In 41 lac (41-20 = 21) i.e 21 lac will be CL
NWC = CA-CL
= 25 - 21
= 4 lac

The top management of ABC. Bank was in a triumphant mood after engaging XYZ Ltd, one of the top IT Companies as a consultant for a massive technology upgradation in the Bank. Their enthusiasm was short lived, as the project did not progress well and the consultants were not able to deliver the desired results even after several months. In fact the Consultants were of the view that it may never be possible to implement the project with 100% success as they seemed to be facing resistance from the employees at multi-levels. The employees at all levels seemed reluctant to cooperate. Their fear of Role erosion seemed palpable.

What does "Role erosion" mean in this context?

- a. The fear of the employee that he will be sent out
- b. Fear that the responsibility and the power will reduce
- c. Fear that he will no more be an indispensable
- d. a & b

Ans - d

.....

The critical issue in this case is:

- a. Attitudes of individuals
- b. Training of people
- c. Group behavior due to a sense of the unknown
- d. All the above

Ans - c

.....

How could this situation have been managed better?

- a. By issuing project details and time frame mentioning punishments in case of delay
- b. By roping in the HR professionals to act as coordinator
- c. By recognizing that any change brings its own reactions and co-opting the managers even before Consultants moved in
- d. b & c

Ans - d

.....

The Bank should deal with the employee resistance by:

- a. Co-opting the employees
 - b. Communicating strategically about the potential benefits
 - c. Conducting simultaneous training to familiarize the staff with the new software
-

d. All of the above

Ans - d

.....

Given,

Currency with public - Rs. 250000 Crores
Demand deposit with banking system - Rs. 400000 Crores
Time deposits with banking system - Rs. 500000 Crores
Other deposit with RBI - Rs. 600000 Crores
Savings deposit of post office savings banks - Rs. 200000 Crores
All deposit with post office savings bank excluding NSCs - Rs. 100000 Crores

Calculate M2.

- a. Rs. 1250000 Crores
- b. Rs. 1350000 Crores
- c. Rs. 1450000 Crores
- d. Rs. 1550000 Crores

Ans - c

Solution :

M1 = currency with public + demand deposit with the banking system + other deposits with RBI
M1 = 250000+400000+600000
M1 = 1250000

M2 = M1+Savings deposit of post office savings banks

So,

M2 = 1250000+200000

M2 = 1450000 Crores

.....

Given,

Corporation tax - Rs. 1800 Crores
Income tax - Rs. 1200 Crores
Union exercise tax - Rs. 1100 Crores
Other non tax revenue - Rs. 1500 Crores
Other taxes and duties - RS. 1000 Crores
Customs - RS. 1300 Crores

.....

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External grant - Rs. 400 Crores
Service tax - Rs. 750 Crores
Tax of union territories- Rs. 400 Crores
Interst receipt - Rs. 750 Crores
Devident & profit - Rs. 900 Crores
State Share - Rs. 900 Crores
Receipt of union territories - Rs. 1200 Crores
Trf to NCCD (National calamity Contingency fund) - Rs. 450 Crores

Calculate Gross Tax Revenue ...

- a. Rs 6800 Crores
- b. Rs 7150 Crores
- c. Rs 7550 Crores
- d. Rs 8300 Crores

Ans - c

Solution :

Gross Tax revenue = Corporation Tax + Income tax + other tax & duties + costoms + union excise duties + service Tax + taxes on union territories
= 1800+1200+1000+1300+1100+750+400
= 7550 Crores

When chicken prices rise 40%, the quantity of KFC fried chicken supplied rises by 30%. Calculate the price elasticity of supply.

- a. 0.50
- b. 0.65
- c. 0.75
- d. 0.85

Ans - c

Solution :

B is the right ans.

Price Elasticity of Supply = (% change in quantity supplied) / (% change in price)

$$= 30/40 = 0.75$$

From the following data (Rs. in crore), estimate

- (i) Net national product at market price - 1,015
- (ii) Income from property and entrepreneurship accruing to government administrative departments - 25
- (iii) Indirect taxes - 150
- (iv) Subsidies - 20
- (v) Saving of non-departmental enterprises - 5
- (vi) National debt interest - 10
- (vii) Current transfers from government - 25
- (viii) Current transfers from rest of the world - 10
- (ix) Saving of private corporate sector - 15
- (x) Corporate profit tax - 10

1. National Income

- a. Rs. 875 crore
- b. Rs. 885 crore
- c. Rs. 900 crore
- d. Rs. 925 crore

2. Personal Income

- a. Rs. 875 crore
- b. Rs. 885 crore
- c. Rs. 900 crore
- d. Rs. 925 crore

3. Private Income

- a. Rs. 875 crore
- b. Rs. 885 crore
- c. Rs. 900 crore
- d. Rs. 925 crore

Ans : 1-b, 2-a, 3-c

Solution :

1. National Income = Net national product at market price – Indirect taxes + Subsidies
= Rs. 1,015 crore – Rs. 150 crore + Rs. 20 crore
= Rs. 885 crore

2. Personal Income

.....

= National income – Income from property and entrepreneurship accruing to government administrative departments – Saving of non-departmental enterprises + National debt interest + Current transfers from government + Current transfers from rest of the world – Saving of private corporate sector – Corporate profit tax
= Rs. 885 crore – Rs. 25 crore – Rs. 5 crore + Rs. 10 crore + Rs. 25 crore + Rs. 10 crore – Rs. 15 crore – Rs. 10 crore
= Rs. 875 crore

3. Private Income = Personal income + Saving of private corporate sector + Corporate profit tax
= Rs. 875 crore + Rs. 15 crore + Rs. 10 crore
= Rs. 900 crore

.....

In 'ABC' approach which is used in formulating hypothesis, "B" stands for

- a. behavior
- b. benchmarking
- c. best supporting team
- d. bearing peer pressure

Ans - a

.....

Test in which PC-based situations and choices are given to solve situation is called

- a. situational test
- b. reasoning test
- c. video simulation test
- d. miniature job training

Ans - c

.....

..... implies jobs of a similar nature

- a. Job family
- b. Job status
- c. Job enrichment
- d. Job design

Ans - a

.....

From the following data (Rs.in crore) calculate National Income

Private income - 1,200
National debt interest - 40
Current transfers from the government administrative departments - 40
Other current transfers from rest of the world - 12
Income from property and entrepreneurship accruing to government departments - 16
Savings of government departmental enterprises - 8

- a. 1,132 crore
- b. 1,172 crore
- c. 1,302 crore
- d. 1,332 crore

Ans - a

Explanation :

National Income = Private income – National debt interest – Current transfers from the government administrative departments – Other current transfers from rest of the world + Income from property and entrepreneurship accruing to government departments + Savings of government departmental enterprises
= Rs. 1,200 crore – Rs. 40 crore – Rs. 40 crore – Rs. 12 crore + Rs. 16 crore + Rs. 8 crore
= Rs. 1,132 crore

Calculate Private Income from the following data (Rs.in crore)

National debt interest - 30
Gross national product at market price - 400
Current transfers from government - 20
Net indirect taxes - 40
Net current transfers from rest of the world - (-)10
Net domestic product at factor cost accruing to government - 50
Consumption of fixed capital - 70

- a. 230 crore
- b. 250 crore
- c. 280 crore
- d. 330 crore

Ans - c

Explanation :

Private Income = Gross national product at market price – Net domestic product at factor cost accruing to government – Net indirect taxes – Consumption of fixed capital + National debt interest + Current transfers from government + Net current transfers from rest of the world
= Rs. 400 crore – Rs. 50 crore – Rs. 40 crore – Rs. 70 crore + Rs. 30 crore + Rs. 20 crore + (–) Rs. 10 crore
= Rs. 400 crore – Rs. 50 crore – Rs. 40 crore – Rs. 70 crore + Rs. 30 crore + Rs. 20 crore – Rs. 10 crore
= Rs. 280 crore

Job specification is otherwise called as specification

- a. Human
- b. Role
- c. Content
- d. Physical

Ans - a

Calculate Personal Income from the following data (Rs.in crore)

Undistributed profits of corporations - 20
Net domestic product accruing to private sector - 500
Corporation tax - 55
Net factor income from abroad - (–)10
Net current transfers from government - 15
National debt interest - 40
Net current transfers from rest of the world - 15

- a. 455 crore
- b. 485 crore
- c. 505 crore
- d. 560 crore

Ans - b

Explanation :

Personal Income = Net domestic product accruing to private sector + Net factor income from abroad + Net current transfers from government + Net current transfers from rest of the world + National debt interest – Corporation tax – Undistributed profits of corporations
= Rs. 500 crore + (–) Rs. 10 crore + Rs. 15 crore + Rs. 15 crore + Rs. 40 crore – Rs. 55 crore – Rs. 20 crore
= Rs. 485 crore

Find the present value of 40,000 due in 15 years hence if the interest rate is 6% per annum compounded semi-annually?

- a. 14675
- b. 15675
- c. 16475
- d. 17465

Ans - c

Find Coefficient of Variance of {13,35,56,35,77}

- a. 0.5614
- b. 0.6514
- c. 1.5614
- d. 1.6514

Ans - a

Solution:

Number of terms (N) = 5

Mean: $\bar{X} = (13+35+56+35+77)/5$
 $= 216/5 = 43.2$

Standard Deviation (SD):

$$\begin{aligned}\sigma &= \sqrt{\frac{1}{(N-1)}((x_1-\bar{x})^2+(x_2-\bar{x})^2+\dots+(x_n-\bar{x})^2)} \\ &= \sqrt{\frac{1}{(5-1)}((13-43.2)^2+(35-43.2)^2+(56-43.2)^2+(35-43.2)^2+(77-43.2)^2)} \\ &= \sqrt{\frac{1}{4}((-30.2)^2+(-8.2)^2+(12.9)^2+(-8.2)^2+(33.8)^2)} \\ &= \sqrt{\frac{1}{4}((912.04)+(67.24)+(163.84)+(67.24)+(1142.44))} \\ &= \sqrt{588.2} \\ \sigma &= 24.2528\end{aligned}$$

Coefficient of variation (CV) = Standard Deviation / Mean
 $= 24.2528/43.2$
 $= 0.5614$

Time series data have total number of components?
The first step in time-series analysis is to

- a. perform preliminary regression calculations
- b. calculate a moving average

- c. plot the data on a graph
- d. identify relevant correlated variables

Ans - c

.....

Which of the following is an example of nonprobabilistic sampling?

- a. simple random sampling
- b. stratified simple random sampling
- c. cluster sampling
- d. judgment sampling

Ans - d

.....

The regression line is drawn so that

- a. The line goes through more points than any other possible line, straight or curved
- b. The line goes through more points than any other possible straight line
- c. The same number of points are below and above the regression line
- d. The sum of the squared errors is as small as possible.

Ans - d

.....

Which ONE of the following is the main problem with using non-probability sampling techniques?

- a. The expense
- b. The results are never representative
- c. Human judgement error
- d. Informants can refuse to participate

Ans - c

.....

For sampling, which ONE of the following should be up-to-date, complete and affordable?

- a. A census
- b. A CAPI machine
- c. A sampling frame
- d. A respondent

Ans - c

.....

If a researcher wishing to draw a sample from sequentially numbered invoices uses a random starting point, then draws every 50th invoice, he has thus drawn a sample.

- a. simple random
- b. sequential
- c. stratified
- d. systematic

Ans - d

A set of observations recorded at equal interval of time is called

- a. Data
- b. Array data
- c. Geometric Series
- d. Time series data

Ans - d

A residual is defined as

- a. $Y - Y^{\wedge} - Y - Y^{\wedge}$
- b. Error sum of square
- c. Regression sum of squares
- d. Type I Error

Ans - a

Discharge may or may not be punishment but dismissal certainly means

- a. Promotion
- b. Punishment
- c. Demotion
- d. Transfer

Ans - b

Movement of an employee from a low level to the higher level is

- a. Transfer
-

- b. Promotion
- c. Rotation
- d. Shifting

Ans - b

.....

Picking up suitable candidates by rejecting the unsuitable

- a. Recruitment
- b. Training
- c. Selection
- d. Development

Ans - c

.....

Graph of time series is called

- a. Histogram
- b. Line graph
- c. Trend
- d. Historigram

Ans - d

.....

Jobs in organization that require similar knowledge, abilities and skills and are performed by individuals having similar duties are classified as

- a. benchmark job
- b. job promotion structure
- c. compensable evaluation
- d. job evaluation

Ans - a

.....

Series of lifetime activities contributing in establishment, fulfillment and success of a person's career is called

- a. career
 - b. career management
 - c. career planning
-

d. career development

Ans - d

.....

Convenient way in 'unfreezing stage' is

- a. action research
- b. survey research
- c. marketing research
- d. human research

Ans - b

.....

Employees general attitude is referred to as

- a. Job satisfaction
- b. Job analysis
- c. Job description
- d. Job evaluation

Ans - a

.....

Method of copying someone else behaviour is

- a. Education
- b. Training
- c. Mentoring
- d. Modelling

Ans - d

.....

Process through a person comes to know about self-skills, interests and motivation is called

- a. career
- b. career management
- c. career planning
- d. career development

Ans - c

.....

From the following data (Rs. in crore), estimate

- (i) Net national product at market price - 1,400
- (ii) Net factor income from abroad - (-)20
- (iii) Gross national product at factor cost - 1,300
- (iv) Consumption of fixed capital - 100
- (v) National debt interest - 18

1. Net Indirect Taxes

- a. Rs. 200 crore
- b. Rs. 300 crore
- c. Rs. 1220 crore
- d. Rs. 1320 crore

2. Net Domestic Product at Factor Cost

- a. Rs. 200 crore
- b. Rs. 300 crore
- c. Rs. 1220 crore
- d. Rs. 1320 crore

Ans : 1-a, 2-c

Solution :

1. Net Indirect Taxes

= Net national product at market price – Net national product at factor cost (Gross national product at factor cost – Consumption of fixed capital)
= Rs. 1,400 crore – (Rs. 1,300 crore – Rs. 100 crore)
= Rs. 1,400 crore – Rs. 1,200 crore
= Rs. 200 crore

2. Net Domestic Product at Factor Cost

= Gross national product at factor cost – Consumption of fixed capital – Net factor income from abroad
= Rs. 1,300 crore – Rs. 100 crore – (-) Rs. 20 crore
= Rs. 1,300 crore – Rs. 100 crore + Rs. 20 crore
= Rs. 1,220 crore

The proportion of women in the workforce is projected to

- a. increase significantly over the coming decade
 - b. decrease as more women decide to stay home with children
-

- c. stop growing
- d. increase at a decreasing rate

Ans - c

.....

Method of job evaluation which ranks the employees from highest to the lowest levels is

- a. Ranking method
- b. Scoring method
- c. Analytical method
- d. Average method

Ans - a

.....

In depth description of a particular situation

- a. Group Discussion
- b. Personal Interview
- c. Case
- d. Survey

Ans - c

.....

A kind of future oriented training is

- a. Employee training
- b. Employee development
- c. Employability
- d. Employee potential

Ans - b

.....

..... is hiring the best candidates from the pool of applications

- a. Promotion
- b. Transfer
- c. Recommendation
- d. selection

Ans - d

.....

..... is the primary benefit of selecting the right candidate

- a. Deduction of salary
- b. Avoid training
- c. Competent employees
- d. Easily handle the task

Ans - c

Employees training and evaluating performance before actual job is

- a. situational test
- b. reasoning test
- c. video simulation test
- d. miniature job training

Ans - d

Prohibiting an employee from attending work

- a. Suspension
- b. Dismissal
- c. Exit
- d. Retrenchment

Ans - a

Violation of established rules

- a. Misconduct
- b. Dismissal
- c. Memo
- d. Bad behaviour

Ans - a

Timescale for performance appraisals are usually

- a. One year
 - b. Biannually
-

- c. 3 monthly
- d. At irregular intervals

Ans - a

.....

The test which compares employee performance with job requirements

- a. Selection test
- b. Preference test
- c. Achievement test
- d. Simulation

Ans - b

.....

In growing organization, specialized staff is needed by

- a. Line manager
- b. HR manager
- c. Staff manager
- d. all of above

Ans - a

.....

In finance, "working capital" means the same thing as

- a. total assets
- b. fixed assets
- c. current assets
- d. current assets minus current liabilities

Ans - c

.....

..... varies inversely with profitability.

- a. Liquidity
- b. Risk
- c. Blue
- d. FALSE

Ans - a

.....

Given,

Corporation tax	- Rs. 1800 Crores
Income tax	- Rs. 1200 Crores
Union exercise tax	- Rs. 1100 Crores
Other non tax revenue	- Rs. 1500 Crores
Other taxes and duties	- RS. 1000 Crores
Customs	- RS. 1300 Crores
External grant	- Rs. 400 Crores
Service tax	- Rs. 750 Crores
Tax of union territories-	Rs. 400 Crores
Interst receipt	- Rs. 750 Crores
Devident & profit	- Rs. 900 Crores
State Share	- Rs. 900 Crores
Receipt of union territories	- Rs. 1200 Crores
Trf to NCCD (National calamity Contingency fund)	- Rs. 450 Crores

calculate Net Tax revenue.

- a. Rs 5800 Crores
- b. Rs 6200 Crores
- c. Rs 6650 Crores
- d. Rs 7100 Crores

Ans - b

Solution :

Net Tax Revenue = Gross tax revenue - NCCD transferred to the National Calamity Contingency fund - state share

Gross Tax revenue = Corporation Tax + Income tax + other tax & duties + costoms + union excise duties + service Tax + taxes on union territories

$$= 1800+1200+1000+1300+1100+750+400$$

$$= 7550 \text{ Crores}$$

Net Tax Revenue = Gross tax revenue - NCCD transferred to the National Calamity Contingency fund - state share

$$= 7550-450-900$$

$$= 6200 \text{ Crores}$$

Which of the following is not a method of selecting samples from a population?

- a. Judgement sampling
- b. Random sampling
- c. Probability sampling
- d. None of these

Ans - d

.....

In simple random sampling, we can describe mathematically how objective our estimates are. Why is this?

- a. We always know the chance that any population element will be included in the sample
- b. Every sample always has an equal chance of being selected
- c. All the samples are exactly the same size and can be counted
- d. both a and b

Ans - d

.....

Choose the pair of symbols that doesn't complete this sentence: is a parameter, whereas is a statistic.

- a. N, g
- b. y, s
- c. N, n
- d. All of these

Ans - a

.....

Which is/are not the objective of review by the superior of the reporting authority in performance appraisal? (i) to minimise / reduce the bias or subjectivity, (ii) to eliminate the subjectivity, (iii) to eliminate the bias

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

.....

Given,

1. Consumptions - Rs. 50000
2. Gross investment - Rs. 40000
3. Govt spending - Rs. 10000
4. Export - Rs. 90000
5. Import - Rs. 60000
6. Indirect Taxes - Rs. 10000
7. Subsidies(on production and import) - RS. 5000
8. Compensation of employee - Rs. 500
9. Property Income - Rs. 500
- 7,8,9 - Net receivable from aboard
- 10.Total capital gains from overseas investment - Rs. 15000
- 11.Income earned by foreign national domestically - Rs. 5000

1. Calculate GDP

- a. Rs. 125000
- b. Rs. 130000
- c. Rs. 135000
- d. Rs. 140000

Ans - b

2. Calculate GDP at cost factor

- a. Rs. 125000
- b. Rs. 130000
- c. Rs. 135000
- d. Rs. 140000

Ans - c

3. Calculate GNP

- a. Rs. 110000
- b. Rs. 120000
- c. Rs. 130000
- d. Rs. 140000

Ans - d

Solution :

1. GDP = Consumption + Gross investment + Government spending + (Exports - Imports)

GDP = C+I+G+(X-M)

= 50000+40000+10000+(90000-60000)

= 130000

2. GDP at factor rate

= GDP-(Indirect taxes-subsidies)

= 130000-(10000-5000)

= 135000

3. GNP=GDP+NR(total capital gains from Overseas investment-income earned by foreign national domestically)

= 130000 + (15000-5000)

= 140000

Which of these is an electronic mode of communication?

- a. Letter
- b. Manuals
- c. Fax
- d. Circulars

Ans - c

Which of the following is a learning principle? (i) Recognition of individual differences, (ii) Schedules of learning, (iii) Transfer of learning

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

The Recognition may be shown in the form of (i) A pat on the back of employee, (ii) Promotion, (iii) Assignment of more interesting tasks

- a. Only (i) and (ii)
 - b. Only (i) and (iii)
 - c. Only (ii) and (iii)
-

d. (i), (ii) and (iii)

Ans - d

Aligning of skills, training and performance to have a successful career is also known as

- a. phased retirement
- b. career management
- c. talent management
- d. modifying selection procedure

Ans - c

The following technique(s) is based on the critical incident approach. (i) Behaviorally anchored rating scales (BARS), (ii) Critical incident technique

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - d

Introduction of new or current trends for optimal HR utilization is part of

- a. Coordinative function
- b. Staff function
- c. Line function
- d. all of above

Ans - b

A rise in prices before any festival is an example of

- a. Seasonal Trend
- b. Irregular Trend
- c. Cyclical Trend
- d. Secular Trend

Ans - a

.....
If a negative value appears in the solution values column of the simplex table, then (i) The solution is optimal, (ii) The solution is infeasible

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - b

.....
In moving average method we cannot find trend values of some

- a. Starting Periods
- b. Middle Period
- c. End Periods
- d. Starting and End Periods

Ans - d

.....
In a survey of 120 graduate students, it was found that 30% of them were not able to swim. estimate the standard error of the population.

- a. 0.005
- b. 0.004
- c. 0.006
- d. 0.003

Ans - b

Solution

$$\begin{aligned}\text{Standard Error} &= \sqrt{(0.30 \times 0.70) / 120} \\ &= \sqrt{0.21 / 120} \\ &= 0.4583 / 120 \\ &= 0.004\end{aligned}$$

.....
Which of the following options is an important issue in the definition of communication? (i) Transmission and reception of messages, (ii) Involvement of people, (iii) Process of communication

- a. Only (i) and (ii)
- b. Only (i) and (iii)

- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

Effective communication helps the managers in carrying out which of the basic function? (i) Leading, (ii) Controlling, (iii) Power

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - a

Match the following

- A. The monitoring stage - 1. The firm identifies and confirms the overall business direction.
 - B. The clarification stage - 2. Investment on the human capital and the value placed by employees on this investment.
 - C. The assessment stage - 3. The firm checks the new system against strategy.
 - D. The design stage - 4. The firm plans the proposed changes into practice.
- The correct order is

- a. A-3, B-1, C-2, D-4
- b. A-3, B-1, C-4, D-2
- c. A-1, B-3, C-2, D-4
- d. A-3, B-2, C-1, D-4

Ans - a

Point system and factor comparison methods are placed under such category (i) Non-quantitative job evaluation, (ii) Quantitative job evaluation

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - b

If $a = 4$, $b = 2$, independent variable = 5, then dependent variable for estimating line is

- a. 6
- b. 12
- c. 14
- d. 18

Ans - c

Solution :

The equation we have is $Y = a+bx$

Here $a = 4$, $b = 2$ and independent variable = 5

Now $Y = 4+2*5 = 4+10 = 14$

'What our business is' is stated in

- a. mission statement
- b. strategic goals
- c. vision statement
- d. all of above

Ans - a

The following is (are) the option(s) while planning for surplus, (i) Reassign the jobs, (ii) Redesign the jobs, (iii) Reduce work hours

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

Recruiting employees, selecting right one for job and giving them training leads to

- a. organizing
- b. controlling
- c. Staffing
- d. Leading

Ans - c

Given,

Currency with public - Rs. 120000 Crores
Demand deposit with banking system - Rs. 200000 Crores
Time deposits with banking system - Rs. 250000 Crores
Other deposit with RBI - Rs. 300000 Crores
Savings deposit of post office savings banks - Rs. 100000 Crores
All deposit with post office savings bank excluding NSCs - Rs. 50000 Crores

1. Calculate M1.

- a. Rs. 570000 Crores
- b. Rs. 620000 Crores
- c. Rs. 670000 Crores
- d. Rs. 720000 Crores

Ans - b

2. Calculate M2.

- a. Rs. 570000 Crores
- b. Rs. 620000 Crores
- c. Rs. 670000 Crores
- d. Rs. 720000 Crores

Ans - d

3. Calculate broad money M3.

- a. Rs. 570000 Crores
- b. Rs. 620000 Crores
- c. Rs. 670000 Crores
- d. Rs. 870000 Crores

Ans - d

Solution :

1. $M1 = \text{currency with public} + \text{demand deposit with the banking system} + \text{other deposits with RBI}$
 $M1 = 120000 + 200000 + 300000$
 $M1 = 620000$

2. $M2 = M1 + \text{Savings deposit of post office savings banks}$

So,

$$M2 = 620000 + 100000$$

$$M2 = 720000 \text{ Crores}$$

3. $M3 = M1 + \text{Time deposit with banking system}$

So,

$$M3 = 620000 + 250000$$

$$M3 = 870000 \text{ Crores}$$

Which of the factors influence organisational communication? (i) Information Ownership, (ii) Avoid evaluative judgement, (iii) Job specialisation

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - b

The basic managerial skill(s) is(are) (i) To supervise, (ii) To stimulate, (iii) To motivate

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

Match the following categories of barriers with their classification

- I. Sender-related barrier ----- A. Non-verbal signals
- II. Situation-related barriers ----- B. Noise
- III. Receiver-related barriers ----- C. Perceptions

- a. 1-A, 2-B, 3-C
- b. 1-B, 2-A, 3-C
- c. 1-A, 2-C, 3-B

Ans - a

.....
Which asset-liability combination would most likely result in the firm's having the greatest risk of technical insolvency?

- a. Increasing current assets while lowering current liabilities.
- b. Increasing current assets while incurring more current liabilities.
- c. Reducing current assets, increasing current liabilities, and reducing long-term debt.
- d. Replacing short-term debt with equity.

Ans - c
.....

..... is attributing our own thoughts and feeling to others.

- a. Stereotyping
- b. Halo effect
- c. Projection
- d. All of the above

Ans - c
.....

Handling labor relations and safety laws for company's labor is part of (choose the wrong one) (i) Line functions, (ii) Staff functions, (iii) Coordinative functions

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - b
.....

College Professors are generally evaluated on the following Work function(s)..... (i) Teaching, (ii) Service, (iii) Research

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d
.....
.....

The difference between the estimate from the sample and the parameter to be estimated is (i) sampling error, (ii) permissible sampling error

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - b

Which of the following is not a qualitative forecasting technique?

- a. Surveys of consumer expenditure plans
- b. Perspectives of foreign advisory councils
- c. Consumer intention polling
- d. Time-series analysis

Ans - d

The law of inertia of large numbers is of the law of statistical regularity. (i) same as, (ii) subset

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - b

For population with a known standard deviation of 96, a sample of 36 individuals leads to an estimate of mean of 150. Find the standard error of mean

- a. 12
- b. 13
- c. 16
- d. 18

Ans - c

Solution

Standard Error = $\frac{\sigma}{\sqrt{n}}$

$$=96/\sqrt{36}$$

$$=96/6$$

$$=16$$

The following is (are) the objective(s) of inspection. (i) Quality product, (ii) Defect free products, (iii) Customer satisfaction

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

Majority of the disputes in industries is (are) related to the problem of (i) Wages, (ii) Salaries, (iii) Benefits

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

..... system stresses on discipline and there is simplicity in the form.

- a. Merit rating
- b. Point rating
- c. Both 'a' and 'b'
- d. None of the above

Ans - a

Simple random sample of 150 students is drawn from a population of 3000 college students. Among sampled students, the average IQ score is 115 with a standard deviation of 10. What is the 99% confidence interval for the students' IQ score?

- a. 115 ± 0.01
 - b. 115 ± 0.82
 - c. 115 ± 2.1
-

d. 115 + 2.6

Ans - b

Solution

$$\begin{aligned} \text{Standard Error} &= \alpha / \text{sqrt}(n) \\ &= 10 / \text{sqrt } 150 \\ &= 10 / 12.25 \\ &= 0.82 \end{aligned}$$

21 bricks have a mean mass of 24.2 kg, and 29 similar bricks have a mass of 23.6 kg. Determine the mean mass of the 50 bricks.

- a. 18.35 kg
- b. 20.35 kg
- c. 23.85 kg
- d. 32.85 kg

Ans - c

Solution :

$$\begin{aligned} \text{Mean value} &= ((21 \times 24.2) + 29 \times 23.6) / (21+29) \\ &= 1192.6 / 50 \\ &= 23.85 \text{ kg} \end{aligned}$$

Net income available to stockholders is ₹150 and total assets are ₹ 2,100 then return on total assets would be

- a. 0.07%
- b. 7.14%
- c. 0.05 times
- d. 7.15 times

Ans - b

Solution

$$\begin{aligned} \text{Return on Assets Ratio} &= \text{Net Income} / \text{Average Total Assets} * 100 \\ &= 150 / 2100 * 100 \\ &= 0.0714 \\ &= 7.14 \end{aligned}$$

Given,

Recoveries of loan and advance	- Rs. 3000 Crores
Misc capital receipt	- Rs. 500 Crores
Market loans	- Rs. 600 Crores
Short term borrowings	- Rs. 1200 Crores
External assistance (Net)	- Rs. 500 Crores
State provident fund	- Rs. 600 Crores
Other receipts (Net)	- Rs. 1200 Crores
Securities issued against small savings	- Rs. 600 Crores
Recoveries of short term loans and advances from states and loans to govt servants	- Rs. 1000 Crores
Total Non Tax Revenue	- Rs. 5000 Crores
Net Tax Revenue	- Rs. 2000 Crores
Draw down cash balance	- Rs. 4000 Crores

Calculate Debt Receipt ...

- a. Rs 2500 Crores
- b. Rs 3700 Crores
- c. Rs 4700 Crores
- d. Rs 5400 Crores

Ans - c

Calculate Non Debt Receipt ...

- a. Rs 2500 Crores
- b. Rs 3700 Crores
- c. Rs 4700 Crores
- d. Rs 5400 Crores

Ans - a

Calculate Capital Receipt ...

- a. Rs 4700 Crores
- b. Rs 5400 Crores
- c. Rs 6200 Crores
- d. Rs 7200 Crores

Ans - d

.....
Solution :

1. Debt Receipt = Market Loans + Short Term Borrowings + External assistance(NET) + Securities issued against Small savings + State provident fund + other Receipts(Net)
= 600 + 1200 + 500 + 600 + 600 + 1200
= 4700 Crores

2. Non Debt Receipt = Recoveries of loan & advances (deduct recoveries of short term loans & advance from state and loans to govt sarvants) + MISC Capital receipts
= (3000-1000)+500
= 2500 Crores

3. Capital Receipt = Non Debt Receipt + Debt Receipt
= 4700 + 2500
= 7200 Crores

.....
Seasonal variations are (i) Long term variation, (ii) Short term variation

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - b
.....

Parameters are (i) numerical characteristics of a sample, (ii) numerical characteristics of a population

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - b
.....

We have six students say A, B, C, D, E, F participating in a quiz contest. Out of six students only two can reach to the final. What is the probability of reaching to the final of each student ?

- a. 1/2
- b. 2/3

- c. $1/3$
d. $1/6$

Ans – c

Solution :

Since out of 6 , 2 can reach the final. Hence sample space is

$$n(S) = 6 \times 2 = 6! / (6-b)! \times 2! = 15$$

Here event of occurrence of probability of each student out of six (A B C D E F) = (AB AC AD AE AF) = n (E) = 5

$$\text{Now } P(E) = 5/15 = 1/3$$

Which among the following are correct? (i) Inflation decreases the nominal (face) value of the wages while the real value increases (ii) During inflation lenders suffer and borrowers benefit out', (iii) Rising inflation indicates rising aggregate demand and indicates comparatively lower supply and higher purchasing capacity among the consumers'

- a. Only (i) and (ii)
b. Only (i) and (iii)
c. Only (ii) and (iii)
d. (i), (ii) and (iii)

Ans - c

Which among the following statement are correct? (i) On a linear demand curve, all the five forms of elasticity can be depicted', (ii) If two demand curves are linear and intersecting each other then coefficient of elasticity would be same on different demand curves at the point of intersection, (iii) If two demand curves are linear, and parallel to each other then at a particular price the coefficient of elasticity would be different on different demand curves

- a. Only (i) and (ii)
b. Only (i) and (iii)
c. Only (ii) and (iii)
d. (i), (ii) and (iii)

Ans - b

Rearrange the steps in the process of interpersonal communication.

A. Decoding

- B. Message
- C. Receiver
- D. Sender
- E. Encoding
- F. Feedback
- G. Channel

- a. ABCDEFG
- b. GFEDCBA
- c. DCBAEFG
- d. DEBGACF

Ans - d

Which ONE of the following are not the benefits of using simple random sampling? (i) We can calculate the accuracy of the results, (ii) The results are always representative, (iii) Interviewers can choose respondents freely

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

Demand for a product at Rs. 10 per unit is 400. If the price elasticity of demand is 1, how much the demand will be at Rs. 16 per unit?

- a. 240
- b. 200
- c. 160
- d. 120

Ans - c

Solution :

Price Elasticity of Demand = % Change in Quantity Demanded / % Change in Price

% Change in Quantity Demanded = $400-x/400*100 = (400-x)/4$

% Change in Price = $6/10*100 = 60$

Price Elasticity of Demand = % Change in Quantity Demanded / % Change in Price

$$1 = ((400-x)/4)/60$$

$$60 = (400-x)/4$$

$$240 = 400-x$$

$$x = 400-240$$

$$x = 160$$

In multiple regression, when the global test of significance is rejected, we can conclude that

- a. All of the net sample regression coefficients are equal to zero
- b. All of the sample regression coefficients are not equal to zero
- c. At least one sample regression coefficient is not equal to zero
- d. The regression equation intersects the Y-axis at zero.

Ans - c

Calculate Inflation, if Price index in current year is 25 and price index in base year is 20.

- a. 20
- b. 25
- c. 30
- d. 35

Ans - b

solutions :

$$\begin{aligned} \text{Inflation} &= (\text{price index in current year} - \text{price index in base year}) / (\text{price index in base year}) * 100 \\ &= ((25-20)/20) * 100 \\ &= (5/20) * 100 \\ &= 25 \end{aligned}$$

When the price of a commodity falls from Rs. 60 per unit to Rs. 48 per unit, the quantity supplied falls by 20%. Calculate the price elasticity of supply.

- a. 1
- b. 1.5
- c. 2
- d. 2.5

Ans – a

Solution :

$$\begin{aligned} \text{Price Elasticity of Supply} &= (\% \text{ change in quantity supplied}) / (\% \text{ change in price}) \\ &= 20 / ((60-48) * 100 / 60) \\ &= 20 / (12 * 100 / 60) \\ &= 20 / 20 \\ &= 1 \end{aligned}$$

An interval estimate is (i) a range of values used to estimate the population parameter, (ii) a single value that is used estimate the population parameter

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - a

A simple random sample from an infinite population is a sample selected such that

- a. each element is selected independently and from the same population
- b. each element has a 0.5 probability of being selected
- c. each element has a probability of at least 0.5 of being selected
- d. the probability of being selected changes

Ans - a

When chicken prices rise 40%, the quantity of KFC fried chicken supplied rises by 20%. Calculate the price elasticity of supply.

- a. 0.25
- b. 0.50
- c. 0.75
- d. 0.85

Ans - a

Solution :

$$\begin{aligned} \text{Price Elasticity of Supply} &= (\% \text{ change in quantity supplied}) / (\% \text{ change in price}) \\ &= 20 / 40 = 0.5 \end{aligned}$$

If inflation rate is higher in an economy, the discount rate should generally,

- a. Be lower
- b. Be higher
- c. Be Stable
- d. Be fluctuating

Ans - b

A 5-year Govt. bond with a coupon rate of 8% has a face value of 1000. What is the annual interest payment?

- A. 80
- B. 40
- C. 100
- D. None of the above

Ans - a

A cash flow that is expected to grow at a constant rate forever, is called

- a. Annuity
- b. Perpetuity
- c. Growing annuity
- d. Growing perpetuity

Ans - d

Money has a time value is shown by which of the following concept.

- a. Market value
- b. Face value
- c. Present Value
- d. b & c

Ans - c

.....
I start saving Rs. 1 lakh for the next 4 years. If the interest rate is 10 percent pa, how much will I get at the end of 4 years?

- a. Rs. 4,46,100
- b. Rs. 4,61,400
- c. Rs. 4,64,100
- d. Rs. 4,14,600

Ans - c
.....

The process by which inferences about a population are made from information about a sample is known as

- a. stratified sampling
- b. statistical inference
- c. sample proportion
- d. sampling fraction

Ans - b
.....

A border patrol checkpoint that stops every passenger van is using

- a. Simple random sampling
- b. Systematic sampling
- c. Stratified sampling
- d. Complete enumeration

Ans - d
.....

A constant flow paid or received at regular time intervals is known as

- a. Annuity
- b. Perpetuity
- c. Growing annuity
- d. Growing perpetuity

Ans - a
.....

Which of the following sampling methods select samples by methods that allow each possible sample to have an equal chance of being picked up and each item in the entire population to have an equal chance of being included in the sample.

- a. Simple Random Sampling
- b. Systematic Sampling
- c. Stratified Sampling
- d. Cluster Sampling

Ans - a

Which of the following methods can be used to measure seasonal variation and also for predicting future variation?

- a. Ratio to Moving Average Method
- b. Residual Method
- c. Regression Method
- d. Correlation Method

Ans - a

In a scatter diagram, a value of $r = 1$ indicates all points are lying on a line of slope, i.e., sloping from to

- a. positive, up, right, left
- b. positive, up, left, right
- c. negative, down, right, left
- d. negative, down, left, right

Ans - b

A constant flow paid or received at regular time intervals for ever is known as

- a. Annuity
- b. Perpetuity
- c. Growing annuity
- d. Growing perpetuity

Ans - b

In sampling, the population is divided into relatively homogenous groups. Then we select either one of the following two approaches:

- i) select at random from each group a specified number of elements corresponding to the proportion of that group in the population as a whole, or
- ii) draw an equal number of elements from each group and give weight to the results according to the group's proportion of total population.

- a. Simple Random Sampling
- b. Systematic Sampling
- c. Stratified Sampling
- d. Cluster Sampling

Ans - c

Liabilities :

Capital =180
Reserve =20
Term loan = 300
Bank C/C=200
Trade creditors=50
Provision=50
Total liabilities = 800

Assets :

Net fixed Assets =400
Inventories=150
Cash =50
Receivables= 150
Good will=50
Total assets =800

- a. Net worth= ?
- b. Tangible net worth = ?
- c. Net working capital = ?
- d. Quick ratio = ?
- e. Current ratio =?
- f. Outside liability =?

Ans - 200, 150, 50, 0.66:1, 1.17:1, 600

Which is not a sub system of HRM?

- a. Administration
- b. Credit
- c. Maintenance
- d. Development

Ans - b

Capital is Rs. 300 lac, Reserves Rs. 50 lac, Term loan Rs. 400 lac, Bank cash credit Rs. 300 lac, Trade creditors Rs. 50 lac, provisions Rs. 50 lac, Net fixed assets Rs. 400 lac, inventories Rs. 200 lac, cash Rs. 50 lac, Receivables Rs. 200 lac, goodwill Rs. 50 lac. What is current ratio?

- a. 1:1.17
- b. 1:1.12
- c. 1.12:1
- d. 1.17:1

Ans - c

Let me Explain

CA= 50+200+200= 450
CL= 300+50+50=400
CR= CA:CL= 450:400
i.e 1.12:1

A person invested Rs. 100000 in a bank FDR @ 6% p.a. for 1 year. If interest is compounded on quarterly basis, the amount payable shall be

- a. 101363
- b. 130613
- c. 106136
- d. 136106

Ans – d

Explanation :

Here,

P = 100000

R = 6% quarterly = 0.015% p.a.
T = 1 yr = 4 quarters

$$FV = P * (1 + R)^T$$

So,
 $FV = 100000 * (1+0.015)^4$
= 106136

In which career patterns or concept a individual take a new job and reaches higher position than go to some another type of job.

- a. Linear career
- b. Steady state career
- c. Transitory patterns
- d. Spiral career

Ans - d

Given,

Currency with public - Rs. 90000 Crores
Demand deposit with banking system - Rs. 180000 Crores
Time deposits with banking system - Rs. 220000 Crores
Other deposit with RBI - Rs. 260000 Crores
Savings deposit of post office savings banks - Rs. 60000 Crores
All deposit with post office savings bank excluding NSCs - Rs. 50000 Crores

Calculate Narrow money M1.

- a. Rs. 490000 Crores
- b. Rs. 530000 Crores
- c. Rs. 570000 Crores
- d. Rs. 750000 Crores

Ans - b

Solution

M1 = currency with public + demand deposit with the banking system + other deposits with RBI
 $M1 = 90000+180000+260000$
M1 = 530000

A down ward Sloping Demand Curve relates quantity demanded to

- a. Supply
- b. Income
- c. Price
- d. Expense

Ans - c

John Holland present 06 theories of personality job fit or matching job with their personalities. Which is not one among them?

- a. Realistic
- b. Specialist
- c. Social
- d. Conventional

Ans - b

Mr. Raj is self-confident in his work ambitious towards his goal and energetic domineering, his personality show which type of personality?

- a. Social
- b. Realistic
- c. Artistic
- d. Enterprising

Ans - d

..... theories hold that learning occurs only when learners have the 'freedom to learn' what is particularly relevant to their personal life situation.

- a. Cognitive Theories
- b. Behaviourist Theories
- c. Organismic Theories
- d. Mechanistic Theories

Ans - c

What are the forces behind the demand curve?

- a. Expectation about future economic conditions
- b. Average Income
- c. Cost of production
- d. Both a. and b.

Ans - d

.....

There are typically types of ego states in transactional analysis according to Eric Berne.

- a. 2
- b. 3
- c. 4
- d. 5

Ans - b

.....

Which of the following is a liquidity ratio?

- a. Quick ratio
- b. T O L / T N W
- c. D S C R
- d. Other current liabilities

Ans - a

.....

Which of the following is not correct regarding Current Ratio?

- a. For same level of current assets, increase in N W C results in increased current ratio.
- b. The current ratio can be less than one
- c. The current ratio can be negative
- d. Current ratio is an indicator of liquidity

Ans - c

.....

For carrying out his studies, a student borrows Rs. 3 lac from a bank at concessional rate of 5% p.a. for 4 years of his professional course. What is the total amount payable by him at the end of the 4th year?

- a. 1298038
-

- b. 1280838
- c. 1293038
- d. 1283038

Ans - c

Explanation :

Here,

P = 3 lac

R = 5% p.a.

T = 4 yrs

$$FV = P / R * [(1+R)^T - 1]$$

$$FV = 300000 * (1.054 - 1) \div 0.05$$
$$= 1293038$$

The commercial paper can be issued by

- a. Corporate
- b. Corporate and partnership firms
- c. Any business entity
- d. None of the above

Ans - a

Which of the following is not correct regarding Forfeiting? :

- a. It a form of working capital finance
- b. It is used in export finance
- c. It is with recourse to the drawer of the bill
- d. Under this financier discounts the bills drawn on buyer.

Ans - c

Which of the following is correct regarding Letters of Credit?

- a. These are opened by a bank for export sales by the client
 - b. These are opened by a bank for local sales by the client
-

- c. Letters of Credit do not carry much risk for the opening bank
- d. Letters of Credit are opened by a bank for purchase of goods by the client

Ans - d

.....

The child ego state can be further classified into categories.

- a. 2
- b. 3
- c. 4
- d. 5

Ans - b

.....

Which one is an economic activity? (i) Investment, (ii) Production, (iii) Consumption

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

DER is 2:1, the amount of total assets Rs 30 lac, current ratio is 1:1 and owned funds Rs 5 lac. Find out the amount of current assets?

- a. 10 lac
- b. 12 lac
- c. 15 lac
- d. 18 lac

Ans - c

Let me Explain

Owned fund = equity = 5 lac

Since DER = 2:1

i.e Debt : equity = 2:1

Hence Debt = 10 lac

(if we consider debt and equity as long term liabilities then term liability works out to 15 lac (10+5))

Here total assets is 30 lac

Now as per balance sheet equation, total Assets = total liabilities

Hence here total liabilities will also be 30 lac

Now term liabilities of Rs 15 lac and remaining 15 lac as current liabilities (15+15=40)

Hence CL=15 lac

Since here CR=1:1 then

1:1=CA:15

i.e CA = 15 lac

Net worth = Rs 20 lac, Term liabilities = Rs 30 lac. Fixed Assets = Rs 48 lac and current assets = Rs 75 lac.
If there is no intangible assets or the non current assets, calculate it's net working capital.

- a. 1 lac
- b. 2 lac
- c. 3 lac
- d. 4 lac

Ans - b

Let me Explain

Here Net worth = capital + reserve = 20 lac

Since capital is a kind of liability hence liability = 20 lac

Liabilities = 30+20 = 50 lac

Assets = 48+75 = 123 lac

But as per balance sheet, Total assets = Total liabilities

Hence liabilities must also be 123 lac

So, out of 123 lac (123-50 = 73) i.e 73 lac will be CL

Hence NWC = CA-CL

= 75 - 73

= 2 lac

Mr. Peter prefers activities that involve thinking, organising and understanding others. His personality type is

- a. Realistic
- b. Social
- c. Enterprising
- d. Investigative

Ans - d

..... is becoming the key factor to success for survival, growth or achieving excellence.

- a. Availability of credit
- b. Human resource
- c. Technology used
- d. All the above

Ans - b

Which of the Following is not a risk mentioned in the Basel II Accord

- a. Operational risk
- b. Market risk
- c. Default risk
- d. Credit risk

Ans - c

A 12%, 4-year bond of Rs. 100 was purchased by x for Rs. 100. If the market interest rate increased by 1%, what will the market price?

- a. 93.07
- b. 90.37
- c. 97.03
- d. 79.30

Ans - c

Explanation :

$P = 100$

$CR = 12\%$

$YTM = 12 + 1 = 13\%$

So, Price = 97.03

Pick the correct statement.

- a. The quantity of money demanded increases with the fall in the rate of interest.
- b. The quantity of money demanded increases with the decrease in the level of nominal income.
- c. Increase in money supply leads to the rise in the rate of interest.
- d. Demand of money is directly related to the rate of interest.

Ans – a

Which policy is used by the government, central bank or monetary authority to control the supply, availability and cost of money or ROI to obtain growth and stability of the economy?

- a. monetary policy
- b. fiscal policy
- c. both a and b
- d. None of these

Ans - a

Which policy refers to government borrowings, spending and taxation?

- a. monetary policy
- b. fiscal policy
- c. both a and b
- d. None of these

Ans - b

Which of the following is also known as discount rate?

- a. CRR
- b. RRR
- c. bank rate
- d. SLR

Ans - c

The branch of economics that studies how households and firms make decisions to allocate limited resources is known as

- a. Macroeconomics
- b. Microeconomics
- c. Both of these
- d. None of these

Ans - b

Assertion (A): Performance Appraisal cannot be error free and unbiased.

Reason (R): The Appraisal Methods are covertly influenced by human judgement which may be vitiated by inter-personal discriminatory impulses.

- a. Assertion (A) is right, Reason (R) is wrong
- b. Assertion (A) is wrong, Reason (R) is right
- c. Reason (R) does not subscribe to the Assertion (A)
- d. Both Assertion (A) and Reason (R) are right, and Reason (R) validate Assertion (A)

Ans - d

'coaching' and 'mentoring' require (i) analytical skills, (ii) logical skills, (iii) interpersonal skills

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - b

Under law of demand (i) Price of commodity is an independent variable, (ii) Quantity demanded is a dependent variable, (iii) Reciprocal relationship is found between price and quantity demanded

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

Most of the underdeveloped economies suffer from which do not let the rate of growth go up from a lower level.

- a. High population pressures
- b. High infant mortality
- c. High monetary mismanagement
- d. High level of technological unemployment

Ans - a

In career development, accepting responsibility for your own career is included in a/an

- a. individual role
- b. manager role
- c. employer role
- d. line manager's role

Ans - a

.....

When national income is calculated with reference to a base year, it is called

- a. Nominal national income
- b. Net national income
- c. Real national income
- d. Gross national income

Ans - c

.....

Which among the following statements is INCORRECT?

- a. Index number is a relative measurement.
- b. In fact all index numbers are weighted.
- c. Theoretically the best average in construction of index numbers is Geometric mean.
- d. It is not possible to shift the base if it is the case of fixed base index

Ans - d

.....

Which among the following is NOT an assumption of Pareto optimality?

- a. Every consumer wishes to maximize his level of satisfaction.
- b. All the factors of production are used in the production of every commodity.
- c. Conditions of perfect competition exist making all the factors of production perfectly mobile
- d. The concept of utility is cardinal and cardinal utility function of every consumer is given.

Ans - d

.....

A single-equation econometric model of the demand for a product is a equation in which the quantity demanded of the product is an variable.

- a. structural, exogenous
-

-
- b. structural, endogenous
 - c. definitional, exogenous
 - d. definitional, endogenous

Ans - b

.....

Cluster sampling is not (i) a probability sampling method, (ii) a nonprobability sampling method, (iii) the same as convenience sampling

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

.....

A simple random sample of 28 observations was taken from a large population. The sample mean equaled 50. Fifty is a

- a. population parameter
- b. biased estimate of the population mean
- c. sample parameter
- d. point estimate

Ans - d

.....

To formulate a problem for solution by the simplex method, we must add artificial variables to (i) only equality constraint, (ii) only greater than constraint

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - d

.....

The most simple and popular method of measuring economic development is to calculate the trend of gross national product (GNP) at (i) Current prices, (ii) Constant prices

- a. Only (i)

- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - b

.....

The offer curves introduced by Alfred Marshall, helps us to understand how the is established in international trade.

- a. Terms of trade
- b. Equilibrium price ratio
- c. Exchange rate
- d. Satisfaction level

Ans - a

.....

Read the following and answer the below questions

A grocery shop sells fresh milk at Rs. 20 per litre at which price 400 litres of milk are sold per month. After some time, the price raised to Rs. 30 per litre. Following the price rise it results:

- (i) Only 200 litres of milk are sold every month.
- (ii) The number of boxes of cereal customers bought went down from 280 to 240.
- (iii) The number of packets of powder milk customers bought went up from 90 to 220 per month.

1. The price elasticity of demand when fresh milk's price increases from 20 per litre to 30 per litre is equal to

- a. 2.5
- b. 1.0
- c. 1.66
- d. 2.66

Ans - c

.....

2. The cross elasticity of monthly demand for cereal when the price of fresh milk increases from 20 to 30 is equal to

- a. - 0.38
 - b. + 0.25
 - c. -0.19
-

d. + 0.38

Ans - a

3. The cross elasticity of monthly demand for powder milk when the price of fresh milk increases from 20 to 30 per litre is equal

- a. + 1.05
- b. 1.05
- c. -0.09
- d. + 2.09

Ans - d

4. What can be said about the price elasticity of demand for fresh milk

- a. It is perfectly elastic
- b. It is elastic
- c. It is perfectly inelastic
- d. None of the above

Ans - b

5. Suppose income of the residents of the area increases by 50% and the quantity of fresh milk demanded increases by 30%. What is income elasticity of demand for fresh milk?

- a. 0.5
- b. 0.6
- c. 1.25
- d. 1.50

Ans - b

Which of the following statements are false? (i) When all the figures in a balance sheet are stated as percentage of the total, it is termed as horizontal analysis, (ii) When financial statements of several years are analyzed, it is termed as vertical analysis, (iii) Vertical Analysis is also termed as dynamic analysis

- a. Only (i) and (ii)
 - b. Only (i) and (iii)
-

- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - b

.....

Profit margin multiply assets turnover multiply equity multiplier is used to calculate

- a. return on turnover
- b. return on stock
- c. return on assets
- d. return on equity

Ans - d

.....

Price per share is Rs. 30 and an earning per share is Rs. 3.5 then price for earning ratio would be

- a. 8.57 times
- b. 8.57%
- c. 0.11 times
- d. 11%

Ans - a

.....

Which of the following statements are true? (i) Financial statements are only interim report, (ii) Financial statements are also known as annual records, (iii) Financial statements are historic

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

.....

The essential characteristics of Total Quality Management (TQM) comprises of (i) Creation of common company theme, (ii) Creation of a customer centric mentality, (iii) Improvement becoming part of the job

- a. Only (i) and (ii)
 - b. Only (i) and (iii)
 - c. Only (ii) and (iii)
-

d. (i), (ii) and (iii)

Ans - d

Which of the following is a force that acts as stimulant for organizational change? (i) Nature of the workforce, (ii) Technology, (iii) Economic Shock

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

HR maturity of company with respect to its strategic goals is measured by

- a. Human Resource Development (HRD) scorecard
- b. HR scorecard
- c. Both A and B
- d. None of above

Ans - a

'Silk Road Technologies' talent management system includes (i) applicant tracking, (ii) on boarding, (iii) performance management

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

Quantitative measure, of employee's turnover and hours of training per employee is called (choose the wrong one) (i) human resource metrics, (ii) evidence based management, (iii) high performance work system

- a. Only (i) and (ii)
 - b. Only (i) and (iii)
 - c. Only (ii) and (iii)
-

d. (i), (ii) and (iii)

Ans - c

The following are the movement(s) in secular trend (i) Smooth, (ii) Steady, (iii) Regular

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

The percent of total variation of the dependent variable Y explained by the set of independent variables X is measured by

- a. Coefficient of Correlation
- b. Coefficient of Skewness
- c. Coefficient of Determination
- d. Standard Error or Estimate

Ans - c

Which of these sampling methods are not a probability method? (i) Quota, (ii) Simple random, (iii) Judgement.

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - b

Which among the following are the factors that determine the national income of a country? (i) Quantity and Quality of factors of production, (ii) The state of technical knowledge, (iii) Economic and political stability

- a. Only (i) and (ii)
 - b. Only (i) and (iii)
 - c. Only (ii) and (iii)
-

d. (i), (ii) and (iii)

Ans - d

Sample Error is completely absent is (i) Complete Enumeration, (ii) Census

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - d

The probability associated with a interval estimate is called

- a. Confidence interval
- b. Probability interval
- c. Confidence interval
- d. Probability level

Ans - c

When the exchange rate for the Mexican peso changes from 10 pesos to the dollar to 9 pesos to the dollar, then

- a. the peso has appreciated and the dollar has appreciated
- b. the peso has depreciated and the dollar has appreciated
- c. the peso has appreciated and the dollar has depreciated
- d. the peso has depreciated and the dollar has depreciated

Ans - c

According to Marshall, the basis of consumer surplus is

- a. Law of diminishing marginal utility
- b. Law of equi-marginal utility
- c. Law of proportions
- d. All of the above

Ans – a

.....
Total utility of a commodity is measured by which price of that commodity? (i) Value in use, (ii) Value in exchange

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - a
.....

If the demand for a good is inelastic, an increase in its price will cause the total expenditure of the consumers of the good to

- a. Increase
- b. Decrease
- c. Remain the same
- d. Become zero

Ans - a
.....

Assume that consumer's income and the number of sellers in the market for good X both falls. Based on this information, we can conclude with certainty that the equilibrium:

- a. Price will decrease
- b. Price will increase
- c. Quantity will increase
- d. Quantity will decrease

Ans - d
.....

Which of the following are not economic activities? (i) Teaching of a teacher in the school, (ii) To teach son at home, (iii) To serve her child by mother

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c
.....
.....

Which of the following is known as long run average cost curve?

- a. Learning curve
- b. Envelope curve
- c. Equal product curve
- d. Phillips curve

Ans - b

.....

Which of the following is NOT one of the factors that influences the supply of a product?

- a. technology
- b. income
- c. number of suppliers
- d. expected future prices

Ans - b

.....

A supply curve differs from a supply schedule because a supply curve

- a. holds the number of suppliers constant, whereas the supply schedule allows the number to vary.
- b. holds resource prices constant, whereas the supply schedule allows them to vary.
- c. is a graph and the supply schedule is a table.
- d. represents one firm, whereas the supply schedule represents all firms in the market.

Ans - c

.....

Under conditions of perfect competition in the product market

- a. $MRP = VMP$
- b. $MRP > VMP$
- c. $VMP > MRP$
- d. None of the above

Ans - a

.....

A reduced form equation expresses

- a. an exogenous variable as a function of endogenous variables
 - b. an endogenous variable as a function of exogenous variables
-

- c. an exogenous variable as a function of both endogenous and exogenous variables
- d. an endogenous variable as a function of both exogenous and endogenous variables

Ans - b

Concept of Sampling Distribution is after talking about in context of (i) Quantitative Analysis, (ii) Sampling Analysis

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - b

Human Resource Planning include (i) Scenario planning, (ii) Action planning, (iii) Demand and Supply forecasts

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

In career development, providing performance feedback which is career oriented is part of

- a. individual's role
- b. manager's role
- c. employer's role
- d. line manager

Ans - c

Human Resource Management is process of (i) Acquiring Employees, (ii) Training Employees, (iii) Appraising and Compensating Employees

- a. Only (i) and (ii)
 - b. Only (i) and (iii)
 - c. Only (ii) and (iii)
-

d. (i), (ii) and (iii)

Ans - d

'Competitive strategy' includes (i) horizontal integration, (ii) cost leadership, (iii) differentiation

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

A feasible solution to an LPP (i) must satisfy all the constraints of the problem simultaneously, (ii) must be corner point of the feasible solution

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - a

In the theory of time series, shortage of certain consumer goods before annual budget is due to

- a. Cyclical Variation
- b. Irregular Variations
- c. Seasonal Variation
- d. Secular Trend

Ans - c

..... factors determine the position and slope of consumption curve. (i) Objective, (ii) Subjective

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - b

The economist's objections to monopoly rest on which of the following grounds? (i) There is a transfer of income from consumers to the monopolist, (ii) There is welfare loss as resources tend to be misallocated under monopoly

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - d

An expression coined by economists to describe an economy that is growing at such a slow pace that more jobs are being lost than are being added

- a. Stagflation
- b. Recession
- c. Growth Recession
- d. Ratchet Inflation

Ans - c

Keynes believed that the equality between savings and investment is brought about by

- a. Rate of interest
- b. Changes in income
- c. Availability of capital
- d. Marginal efficiency of investment

Ans - b

Comparison of financial statements highlights the trend of the of the business. (i) Financial position, (ii) Performance, (iii) Profitability

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

Adjusting entries are used to

- a. Bring account balances up to date at year end
- b. Close temporary accounts at year end
- c. Close permanent accounts at year end
- d. Bring account balances at zero

Ans - a

.....

State which of them are true? (i) When ratios of previous years are compared with current years, they are called trend ratios, (ii) Trend percentages and trend ratios are used in static analysis, (iii) Reliability of financial analysis depends upon the reliability of financial data

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

For purpose of measuring business income, the life of a business is divided into which of the following?

- a. Divided into specific points in time
- b. Divided into irregular cycles
- c. Divided into discrete accounting periods
- d. Considered to be a continuous cycle

Ans - c

.....

What is the difference between the current ratio and the quick ratio?

- a. The current ratio includes inventories and the quick ratio does not.
- b. The current ratio does not include inventories and the quick ratio does.
- c. The current ratio includes physical capital and the quick ratio does not.
- d. The current ratio does not include physical capital and the quick ratio does.

Ans - a

.....

Read the following data & answer the below questions

A shopkeeper sells gel pen at 10 per pen. At this price he can sell 120 per month. After some time, he raises the price to 15 per pen. 60 pens are sold every month. The number of refills bought decreases from 200 to 150. The number of ink pen bought goes up from 90 to 180 per month.

1. The price elasticity of demand when gel pen's price increases form 10 per pen to 15 per pen is equal to

- a. 2.5
- b. 1.0
- c. 1.65
- d. 2.66

Ans - c

2. The cross elasticity of monthly demand for refills when price of gel pen increases from 10 to 15 is equal to

- a. -0.71
- b. 0.25
- c. -0.19
- d. 0.38

Ans - a

3. The cross elasticity of monthly demand for ink pen when the price of gel pen increases from 10 to 15 is equal to

- a. 1.65
- b. -1.05
- c. -2.09
- d. 2.09

Ans - a

4. Suppose income of the residents of locality increases by 50% & the quantity of gel pens demanded increases by 20%. Income elasticity of demand for gel pen

- a. 0.4
 - b. 0.6
-

- c. 1.25
d. 1.50

Ans - a

When the price of a commodity falls from Rs. 75 per unit to Rs. 60 per unit, the quantity supplied falls by 40%. Calculate the price elasticity of supply.

- a. 1
b. 1.5
c. 2
d. 2.5

Ans - c

Solution :

Price Elasticity of Supply = (% change in quantity supplied) / (% change in price)

$$\begin{aligned} &= 40 / (75 - 60) * 100 / 75 \\ &= 40 / 15 * 100 / 75 \\ &= 40 / 20 \\ &= 2 \end{aligned}$$

Given,

Recoveries of loan and advance	- Rs. 5000 Crores
Misc capital receipt	- Rs. 1500 Crores
Market loans	- Rs. 1200 Crores
Short term borrowings	- Rs. 1800 Crores
External assistance (Net)	- Rs. 450 Crores
State provident fund	- Rs. 600 Crores
Other receipts (Net)	- Rs. 1500 Crores
Securities issued against small savings	- Rs. 750 Crores
Recoveries of short term loans and advances from states and loans to govt servants	- Rs. 1200 Crores
Total Non Tax Revenue	- Rs. 6500 Crores
Net Tax Revenue	- Rs. 2500 Crores
Draw down cash balance	- Rs. 5500 Crores

Calculate Capital Receipt ...

- a. Rs. 8600 Crores

- b. Rs. 10100 Crores
- c. Rs. 11600 Crores
- d. Rs. 12800 Crores

Ans – c

Solution :

Capital Receipt = Non Debt Receipt + Debt Receipt

Let us first calculate Non Debt Receipt,

Non Debt Receipt = Recoveries of loan & advances (deduct recoveries of short term loans & advance from state and loans to govt sarvants) + MISC Capital receipts

$$= 5000 - 1200 + 1500$$

$$= 5300 \text{ Crores}$$

Now, let us calculate Debt receipt,

Debt Receipt = Market Loans + Short Term Borrowings + External assistance(NET) + Securities issued against Small savings + State provident fund + other Receipts(Net)

$$= 1200 + 1800 + 450 + 750 + 600 + 1500$$

$$= 6300 \text{ Crores}$$

Capital Receipt = Non Debt Receipt + Debt Receipt

$$= 5300 + 6300$$

$$= 11600 \text{ Crores}$$

At Rs. 75 demand for sugar is 800 Kg. When the price falls to Rs. 60, the demand increases to 1000 Kg. The price elasticity of demand of sugar is

- a. 1
- b. 1.25
- c. 1.5
- d. 1.75

Ans - b

Solution :

Price Elasticity of Demand = % Change in Quantity Demanded / % Change in Price

$$\% \text{ Change in Quantity Demanded} = 200/800 * 100 = 25$$

$$\% \text{ Change in Price} = 15/75 * 100 = 20$$

$$\text{Price Elasticity of Demand} = 25/20 = 1.25$$

Micro-economic theory studies how an economy determines (i) The price of goods, (ii) The price of services, (iii) The price of economic resources

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

Adam Smith advocates (i) Laissez-faire, (ii) Division of Labour

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - d

Which of the following pairs of commodities is an example of substitutes

- a. Coffee and milk
- b. Diamond and cow
- c. Pen and ink
- d. Mustard oil and coconut oil.

Ans - d

Economic growth refers to

- a. An increase in per capita income at current prices
- b. A sustained increase in per capita output
- c. An increase in income and output in real terms and not in money
- d. An increase in economic welfare

Ans - b

As per Abraham Maslow's motivation theory, the people have needs:

- a. 2

- b. 3
- c. 4
- d. 5

Ans - d

.....

Transaction analysis refers to

- a. understanding financial transactions
- b. understanding interpersonal relationship and interaction
- c. understanding transactions relating to business
- d. understanding transactions relating to business and ethic

Ans - b

.....

What is the feature of a adult ego state, out of the following

- a. more of ethical, conscientious behavior and influenced by preaching from parents and elders
- b. more of analytical, rational and practical orientation
- c. more of instinctive behavior with motive of enjoyment
- d. more of every thing

Ans - b

.....

The HR professional's role includes creating necessary culture and values in the organization, diagnosing the problem at organization level and taking corrective steps. These fall, in which of the following category?

- a. role of developing competence
- b. process role
- c. supportive role
- d. supportive role

Ans - b

.....

In his behavior, a person is displaying more of emotions than the facts. It can be classified as ego state:

- a. parents
 - b. elders
 - c. adult
-

.....
d. child

Ans - d
.....

Which of the following is a feature of a crossed transaction?

- a. from parents to child and again from parents to child
- b. it is undesirable
- c. the transaction is blocked
- d. all the above

Ans - d
.....

According to Harris, what is the meaning of the life position, I am OK, you are not OK?

- a. Both have value
- b. I have value but you do not have value
- c. I do not have value but you have value
- d. neither person has value

Ans - b
.....

The objective of understanding the ego states profile of a person is:

- a. to counsel him
- b. to make necessary modification in one's behavior
- c. to bring desired change
- d. all the above

Ans - b
.....

In Johari Window, the window ARENA represents which of the following?

- a. known to self and others
- b. closed to self and others
- c. known to others and not known to self
- d. known to self and not to others

Ans - a
.....
.....

From the following estimates of XYZ Ltd you are required to calculate :

- (i) Share capital \$ 5,00,000, 15% Debentures of \$ 2,00,000, Fixed assets at cost of \$ 3,00,000
- (ii) The expected ratios of cost to selling price are Raw materials 60%, Labour 10%, Overheads 20%
- (iii) Raw materials are in stores for an average of 2 months
- (iv) Finished goods are kept in warehouse for 3 months
- (v) Expected level of production 1,20,000 units per year
- (vi) Each unit of production is expected to be in process for 1 month
- (vii) Credit given by suppliers is 2 months
- (viii) 20% of the output is sold against cash. Time lag in payment from debtors is 3 months
- (ix) Selling price is \$ 5 per unit
- (x) Labour and overheads will accrue evenly during the year

1. Estimated production units p.m

- a. 5000
- b. 10000
- c. 15000
- d. 20000

Ans - b

2. Estimated sales per month

- a. 5000
- b. 10000
- c. 30000
- d. 50000

Ans - d

3. Value of Raw Materials

- a. 5000
- b. 10000
- c. 30000
- d. 50000

Ans - c

4. Value of Labour

- a. 5000
- b. 10000
- c. 30000
- d. 50000

Ans - a

5. Value of Overheads

- a. 5000
- b. 10000
- c. 30000
- d. 50000

Ans - b

6. Value of finished goods / Cost of sales

- a. 5000
- b. 10000
- c. 45000
- d. 50000

Ans - c

7. Value of Work in Progress

- a. 37500
- b. 60000
- c. 280500
- d. 340500

Ans - a

8. Current Assets

- a. 37500
 - b. 60000
-

- c. 280500
- d. 340500

Ans - d

9. Current Liabilities

- a. 37500
- b. 60000
- c. 280500
- d. 340500

Ans - b

10. Working Capital

- a. 37500
- b. 60000
- c. 280500
- d. 340500

Ans - c

Solution :

1. b

Estimated production units p.m. = Expected level of production units per year / 12
= 1,20,000 / 12 = 10,000

2. d

= No. of units * Selling price per unit
= 10,000 * 5
= 50,000

3. c

Raw Materials = 60%
= 50,000 x 60 / 100
= 30,000

4. a

Labour = 10%

$$= 50,000 \times 10 / 100$$
$$= 5,000$$

5. b

$$\text{Overheads} = 25\%$$
$$= 50,000 \times 20 / 100$$
$$= 10,000$$

6. c

$$\text{Finished Goods} = \text{Raw Materials} + \text{Direct Labour} + \text{Overheads}$$
$$= 30000 + 5000 + 10000$$
$$= 45000$$

7. a

Each unit of production is expected to be in process for 1 month. At that time of computing work in progress labour, overhead value is reduced to half.

$$\text{Raw Materials} = 30,000$$
$$\text{Direct Labour} = 5,000 \times 1/2 = 2500$$
$$\text{Overheads} = 10,000 \times 1/2 = 5000$$
$$\text{Work in Progress} = 30000 + 2500 + 5000$$
$$= 37,500$$

8. d

$$\text{Raw Materials (2 months)} = 30,000 \times 2 = 60,000$$
$$\text{Work in progress} = 37,500$$
$$\text{Stock of finished goods (3 months)} = 45,000 \times 3 = 1,35,000$$
$$\text{Debtors (3 months) at cost equivalent :}$$
$$\text{Cost of sales pm} - 45,000$$
$$\text{Less : Cash sales 20\%} - 9,000$$
$$\text{Cost of sales (credit) pm} - 36,000$$
$$\text{Debtors (3 months) at cost equivalent} = 36,000 \times 3 = 1,08,000$$
$$\text{Total Current Assets} = \text{Raw Materials} + \text{Work in Progress} + \text{Finished Goods} + \text{Debtors}$$
$$= 60000 + 37500 + 135000 + 108000$$
$$= 3,40,500$$

9. b

$$\text{Current Liabilities} = \text{Creditors 2 months}$$
$$= 60,000$$

10. c

$$\text{Working capital} = \text{current assets} - \text{current liabilities}$$
$$= 3,40,500 - 60,000$$
$$= 2,80,500$$

A company can create 'superior-subordinate' relationship through

- a. line authority
- b. hiring authority
- c. staff authority
- d. all of above

Ans - a

.....

Performance appraisals are basically used by organizations to

- a. defining needed capabilities
- b. administered wages and salaries
- c. recruiting employees
- d. fulfilling staffing needs

Ans - b

.....

Methods of performance appraisals does not include

- a. comparative methods
- b. objective methods
- c. systematic methods
- d. subjective methods

Ans - c

.....

Which of the following uses three types of participants: decision makers, staff personnel and respondents?

- a. executive opinions
- b. sales force composites
- c. the Delphi method
- d. consumer surveys

Ans - d

.....

One purpose of short range forecasts is to determine

- a. production planning
-

- b. inventory budgets
- c. research and development plans
- d. facility location

Ans - d

.....

Time-series data may exhibit which of the following behaviours?

- a. Trend
- b. Random variation
- c. Seasonality
- d. Cycles

Ans - a

.....

The ratios that refer to the ability of the firm to meet the short term obligations out of its short term resources

- a. Liquidity ratio
- b. Leverage ratios
- c. Activity ratios
- d. Profitability ratios

Ans - a

.....

A firm that often factors its accounts receivable has an agreement with its finance company that requires the firm to maintain a 6% reserve and charges 1% commission on the amount of receivables. The net proceeds would be further reduced by an annual interest charge of 10% on the monies advanced. Assuming a 360-day year, what amount of cash (rounded to the nearest dollar) will the firm receive from the finance company at the time a Rs. 100,000 account that is due in 90 days is turned over to the finance company?

- a. Rs. 93,000
- b. Rs. 90,000
- c. Rs. 83,700
- d. Rs. 90,675

Ans - d

.....

High performance work system leads to

- a. superior employee performance
- b. low labor costs
- c. safer workplaces
- d. less employee turnover rate

Ans - a

.....

Manager who can only issue orders in his own department

- a. Line managers
- b. Staff managers
- c. HR managers
- d. all of above

Ans - b

.....

In 'ABC' approach which is used in formulating hypothesis, "A" stands for

- a. apprenticeship
- b. antecedents
- c. appraisal performance
- d. appraisal management

Ans - b

.....

Which of the following are limitations of ratio analysis?

- A) Ratio analysis may result in false results if variations in price levels are not considered
- B) Ratio analysis ignores qualitative factors
- C) Ratio Analysis ignores quantitative factors
- D) Ratio Analysis is historical analysis

- a. A, B and D
- b. A, C and D
- c. A, B and C
- d. A, B, C, D

Ans - a

.....

Given,

Currency with public - Rs. 285400 Crores
Demand deposit with banking system - Rs. 265700 Crores
Time deposits with banking system - Rs. 326800 Crores
Other deposit with RBI - Rs. 384700 Crores
Savings deposit of post office savings banks - Rs. 125900 Crores
All deposit with post office savings bank excluding NSCs - Rs. 105400 Crores

Calculate M1.

- a. Rs. 789500 Crores
- b. Rs. 862000 Crores
- c. Rs. 935800 Crores
- d. Rs. 986600 Crores

Ans - c

Calculate M2.

- a. Rs. 1061700 Crores
- b. Rs. 1190000 Crores
- c. Rs. 1262600 Crores
- d. Rs. 1615000 Crores

Ans - a

Calculate broad money M3.

- a. Rs. 1061700 Crores
- b. Rs. 1190000 Crores
- c. Rs. 1262600 Crores
- d. Rs. 1615000 Crores

Ans - c

Solution :

M1 = currency with public + demand deposit with the banking system + other deposits with RBI
M1 = 285400 + 265700 + 384700
M1 = 935800

M2 = M1 + Savings deposit of post office savings banks

M2 = 935800 + 125900

M2 = 1061700 Crores

M3 = M1 + Time deposit with banking system

M3 = 935800 + 326800

M3 = 1262600 Crores

Cash Flow Statement is based upon

- a. Cash basis of accounting
- b. Accrual basis of accounting
- c. Credit basis of accounting
- d. None of the above

Ans - a

All else equal, which one of the following will decrease the cash cycle?

- a. increasing the operating cycle
- b. decreasing the accounts receivable turnover rate
- c. decreasing the accounts payable period
- d. increasing the inventory turnover rate

Ans - d

People attracted to occupations that require physical activities are best classified as

- a. realistic orientation
- b. investigative orientation
- c. social orientation
- d. artistic orientation

Ans - a

Online career development workshops are one of method of

- a. career management
 - b. appraisal management
 - c. performance management
-

d. employee development

Ans - a

.....

When the total product curve is falling,

- a. marginal product curve is zero
- b. marginal product curve is negative
- c. average product is increasing
- d. average product is negative

Ans - b

.....

Variable costs are

- a. Sunk costs
- b. Multiplied by fixed cost
- c. Cost that change with the level of production
- d. the change in total cost resulting from the production of an additional unit of output.

Ans - c

.....

Money paid to an unskilled labour is called

- a. Wages
- b. Salary
- c. Royalty
- d. None

Ans - a

.....

Marginal cost curve cuts the average cost curve

- a. at the left of its lowest point
- b. at its lowest point
- c. at the right of its lowest point
- d. at its highest point

Ans - b

.....

The list of all units in a population is called

- a. Random sampling
- b. Sampling Frame
- c. Bias
- d. Parameter

Ans - b

.....

The difference between statistic and parameter is called

- a. Random Error
- b. Sampling Error
- c. Standard Error
- d. Error

Ans - d

.....

In random sampling, the probability of selecting an item from the population is

- a. Unknown
- b. Known
- c. Undecided
- d. One

Ans - b

.....

When each member of a population has an equally likely chance of being selected, this is called

- a. A nonrandom sampling method
- b. A quota sample
- c. A snowball sample
- d. An Equal probability selection method

Ans - d

.....

Which of the following statements are true?

- a. The larger the sample size, the greater the sampling error

- b. The more categories or breakdowns you want to make in your data analysis, the larger the sample needed
- c. The fewer categories or breakdowns you want to make in your data analysis, the larger the sample needed
- d. As sample size decreases, so does the size of the confidence interval

Ans - b

.....

Which of the following formulae is used to determine how many people to include in the original sampling?

- a. Desired sample size/Desired sample size + 1
- b. Proportion likely to respond/desired sample size
- c. Proportion likely to respond/population size
- d. Desired sample size/Proportion likely to respond

Ans - d

.....

Wheat crops badly damaged on account of rains is

- a. Cyclical movement
- b. Random movement
- c. Secular trend
- d. Seasonal movement

Ans - b

.....

The method of moving average is used to find the

- a. Secular trend
- b. Seasonal variation
- c. Cyclical variation
- d. Irregular variation

Ans - a

.....

A complete cycle consists of a period of

- a. Prosperity and depression
 - b. Prosperity and recovery
-

- c. Prosperity and recession
- d. Recession and recovery

Ans - c

.....

The fire in a factory is an example of

- a. Secular trend
- b. Seasonal variation
- c. Cyclical variation
- d. Irregular variation

Ans - d

.....

Damages due to floods, droughts, strikes fires and political disturbances are

- a. Secular trend
- b. Seasonal variation
- c. Cyclical variation
- d. Irregular variation

Ans - d

.....

The general pattern of increase or decrease in economics or social phenomena is shown by

- a. Secular trend
- b. Seasonal variation
- c. Cyclical variation
- d. Irregular variation

Ans - a

.....

Depression in business is

- a. Secular trend
- b. Seasonal variation
- c. Cyclical variation
- d. Irregular variation

Ans – c

.....

The point estimator of population mean μ is

- a. Sample mean
- b. Sample variance
- c. Sample standard deviation
- d. Sample size

Ans - a

By decreasing the sample size, the confidence interval becomes

- a. Narrower
- b. Wider
- c. Fixed
- d. All of the above

Ans - b

A function for estimating a parameter is called as

- a. Estimator
- b. Estimate
- c. Estimation
- d. Level of confidence

Ans - a

A sample constant representing a population parameter is known as

- a. Estimation
- b. Estimator
- c. Estimate
- d. Bias

Ans - c

The distance between an estimate and the estimated parameter is called

- a. Sampling error
 - b. Error of estimation
-

- c. Bias
- d. Standard error

Ans - b

.....

Objective of linear programming for an objective function is to

- a. maximize or minimize
- b. subset or proper set modeling
- c. row or column modeling
- d. adjacent modeling

Ans - a

.....

For a linear programming equations, convex set of equations is included in region of

- a. feasible solutions
- b. disposed solutions
- c. profit solutions
- d. loss solutions

Ans - a

.....

In graphical solutions of linear inequalities, solution can be divided into

- a. one subset
- b. two subsets
- c. three subsets
- d. four subsets

Ans - b

.....

Linear programming used to optimize mathematical procedure and is

- a. subset of mathematical programming
- b. dimension of mathematical programming
- c. linear mathematical programming
- d. all of above

Ans – a

.....

In linear programming, objective function and objective constraints are

- a. solved
- b. linear
- c. quadratic
- d. adjacent

Ans - b

Linear programming model which involves funds allocation of limited investment is classified as

- a. ordination budgeting model
- b. capital budgeting models
- c. funds investment models
- d. funds origin models

Ans - b

In transportation models designed in linear programming, points of demand is classified as

- a. ordination
- b. transportation
- c. destinations
- d. origins

Ans - c

In linear programming, lack of points for a solution set is said to

- a. have no feasible solution
- b. have a feasible solution
- c. have single point method
- d. have infinte point method

Ans - b

Which of these options are the activities that constitute the core of performance management?

- a. Performance interview
 - b. Archiving performance data
-

- c. Use of appraisal data
- d. All of the above

Ans - d

.....

Which is the biggest challenge faced while conducting performance appraisal?

- a. Evaluating performance of self - managed teams
- b. Presence of a formal appeal process
- c. Appraisals based on traits are to be avoided
- d. None of the above

Ans - a

.....

Who was the first person to give the concept of Management by Objectives?

- a. Edwards Deming
- b. D.W. Cheetham
- c. Peter F. Drucker
- d. None of the above

Ans - c

.....

The focuses of psychological appraisals are on

- a. Future potential
- b. Actual performance
- c. Past performance
- d. None of the above

Ans - a

.....

Degree to which people like or dislike themselves is

- a. Self-esteem
- b. Self-monitoring
- c. Locus of control
- d. Stereotyping

Ans - a

.....

In Johari Window transactional analysis 'I am OK. You are not OK' stands for

- a. both have value
- b. I have value and you do not have value
- c. you have value but I do not have value
- d. neither person has value

Ans - b

In Johari Window transactional analysis 'I am not OK. You are not OK' stands for

- a. both have value
- b. I have value and you do not have value
- c. you have value but I do not have value
- d. neither person has value

Ans - d

What is 360° performance appraisal?

- a. Feedback about workplace performance
- b. Upward feedback subordinates evaluating superior
- c. Feedback from customers and external clients
- d. All the above

Ans - d

Impact of Training in an organisation may be categorised as

- a. Updating knowledge/Avoiding obsolescence /improving performance/imparting trade specific skills
- b. To help to match individual needs, goals and abilities
- c. To assist individuals acquire experience in organisational activities
- d. Establishing workforce to withstand the technological change

Ans - a

Training serves important purposes of

- a. To increase the performance level of an employee
 - b. Constantly develop manpower to meet the current and future needs + (a)
-

- c. Ensure effective utilisation of human resources + (b)
- d. To integrate individual goals with organisation + (c)

Ans - d

.....

Who has given scarcity definition of economics ?

- a. Adam Smith
- b. Marshall
- c. Robbins
- d. Robertson

Ans - c

.....

“Economics is a science” the basis of this statement is

- a. Relation between cause and effect
- b. Use of deductive method and inductive method for the formations of laws
- c. Experiments
- d. All of the above

Ans - d

.....

“Economics is the Science of Wealth” who gave this definition ?

- a. J. K. Mehta
- b. Marshall
- c. Adam Smith
- d. Robbins

Ans - c

.....

Whose opinions have revolutionized the scope of macro economics ?

- a. Adam Smith
- b. J.B. Say
- c. J.M. Keynes
- d. All of the above

Ans - c

.....

Under law of demand

- a. Price of commodity is an independent variable
- b. Quantity demanded is a dependent variable
- c. Reciprocal relationship is found between price and quantity demanded
- d. All of the above

Ans - d

.....

According to Marshall, the basis of consumer surplus is

- a. Law of diminishing marginal utility
- b. Law of equi-marginal utility
- c. Law of proportions
- d. All of the above

Ans - a

.....

Problem of inflation, unemployment, illiteracy are studied under economics.

- a. planned
- b. Micro
- c. Macro
- d. mixed

Ans - c

.....

Key Performance Areas means

- a. Areas which are within the responsibility of the role
- b. Areas which the management has demarcated to be performed by employee
- c. Areas for strengthening of skills and attitudes
- d. All above

Ans - a

.....

Standard deviation of the distribution of the sample proportions is called Select the best option.

- a. standard error of the mean
 - b. sampling distribution error
-

-
- c. standard error of the proportion
 - d. standard error of the statistics

Ans - c

.....

The process of capturing the tacit knowledge of people in a systematic manner for future use is not called as (i) Data entry, (ii) Information technology, (iii) Knowledge management

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - a

.....

Ability to control or redirect disruptive impulses and moods and propensity to suspend judgment- to think before acting comes under which components of emotional intelligence.

- a. Self-awareness
- b. Self-Regulation
- c. Self-motivation
- d. Empathy

Ans - b

.....

Suppose CR is 4:1. NWC is Rs 30000/- what is the amount of CA ?

- a. Rs 20000/-
- b. Rs 10000/-
- c. Rs 40000/-
- d. Rs 60000/-

Ans - c

.....

How much money will a student owe at graduation if she borrows Rs. 3000 per year @ 5% interest during each of her four years of school?

- a. 12390
- b. 12093
- c. 12930

d. 12039

Ans - c

Explanation :

Here,

P = Rs. 300

T = 4 years

R = 5%

$$FV = P / R * [(1+R)^T - 1]$$

$$FV = 3000 \times (1.054 - 1) \div 0.05$$
$$= 12930$$

Which of the following is not an internal factor affecting credit risk?

- a. Excessive lending to cyclical industries
- b. Low quality of credit appraisal and monitoring
- c. Deficiencies in the loan policy of the bank
- d. Protectionist policies of other countries

Ans - d

Concept of Locus of Control is given by...

- a. Schein
- b. Leftcourt and Leveson
- c. Luft and Ingham
- d. Kurt lewin

Ans - b

Albert purchased 8%, 3 years bond of Rs. 10 lac, with annual interest payment and face value payable on maturity. The YTM is assumed@ 6%. Calculate the duration and modified duration.

- a. 2.36
 - b. 2.79
 - c. 2.63
-

d. 2.97

Ans - c

Explanation :

Bond's Duration = $\Sigma PV \times T \div \Sigma P$

$\Sigma P = 1053421$

Now, $a = 0.943396$ and $a^t = 0.839619$

So, $\Sigma PV \times T = 80000 \times 16.666 \times (0.160381 \div 0.056604 - 2.518857) + 2518857$
 $= 419370.767 + 25188579$
 $= 2938227.77$

So, Duration of the Bond
 $= 2938227.77 / 1053421$
 $= 2.79$ years

& Modified Duration

$= \text{Mckaulley Duration} \div (1 + R)$
 $= 2.79 \div 1.06$
 $= 2.63$

Which of the following is not a macro level action for mitigation of credit risk?

- a. Periodically reviews of the exposure norms for single and group borrowers
- b. Improving appraisal standards of credit proposals
- c. Frequent reviews of norms and fixing internal limits for aggregate commitments to specific sectors of the industry or business
- d. Periodic review of total credit portfolio based on quality parameters

Ans - b

Target coaching, work planning, mutual goal setting and performance objectives are all terms used to specify concept called

- a. behavioral rating approach
- b. management by objectives
- c. combination method
- d. critical incident method

Ans - b

Which of the following is not a micro level action for mitigation of credit risk?

- a. Improving sanctioning and delivering process
- b. Obtention of collateral security
- c. Monitoring and review of individual proposals/categories of proposals
- d. Periodical reviews of the exposure limits for business or industry segment

Ans - d

Mr. Raj is to invest Rs. 100000 by end of each year for 5 years @ 5% roi. How much amount he will receive?

- a. 556253
- b. 553562
- c. 552563
- d. 555263

Ans - c

Explanation :

Here,
P = 1000000
R = 5% p.a.
T = 5 Y

$FV = P / R * [(1+R)^T - 1]$
FV, if invested at end of each year, is:
So,
 $FV = (100000 \div 0.05) * \{1 + 0.05\}^5 - 1$
= 552563

Choose the pair of symbols that doesn't complete this sentence: —is a parameter, whereas — is a statistic.

- a. N, g
- b. y, s
- c. N, n
- d. All of these

Ans - a

If Receipts and Expenditures of the Central Government as per Budget 2016-17 are as given below

1. Revenue Receipts - 1374203
2. Tax Revenue - 1101372
3. Non-Tax Revenue - 272831
4. Capital Receipts - 600991
5. Recovery of Loans - 17630
6. Other Receipts - 47743
7. Borrowings and Other Liabilities - 535618
8. Expenditure On Revenue Account of which - 1690584
9. Interest Payments - 480714
10. Grants in Aid for creation of capital assets - 165733
11. Expenditure On Capital Account - 284610

Find

1. Total Receipts

- a. 1374203
- b. 1690584
- c. 1975194
- d. 2075416

2. Total Expenditure

- a. 1374203
- b. 1690584
- c. 1975194
- d. 2075416

3. Revenue Deficit

- a. 54904
- b. 150648
- c. 316381
- d. 535618

4. Effective Revenue Deficit

- a. 54904
- b. 150648
- c. 316381
- d. 535618

5. Fiscal deficit

- a. 54904
- b. 150648
- c. 316381
- d. 535618

6. Primary Deficit

- a. 54904
- b. 150648
- c. 316381
- d. 535618

Solution

1. c

$$\begin{aligned} \text{Total Receipts} &= \text{Revenue Receipts} + \text{Capital Receipts} \\ &= 1374203 + 600991 = 1975194 \end{aligned}$$

2. c

$$\begin{aligned} \text{Total Expenditure} &= \text{Revenue Expenditure} + \text{Capital Expenditure} \\ &= 1690584 + 284610 = 1975194 \end{aligned}$$

3. c

$$\begin{aligned} \text{Revenue Deficit} &= \text{Revenue Expenditure} - \text{Revenue Receipts} \\ &= 1690584 - 1374203 = 316381 \end{aligned}$$

4. b

$$\begin{aligned} \text{Effective Revenue Deficit} &= \text{Revenue Deficit} - \text{Grants in Aid for creation of capital assets} \\ &= 316381 - 165733 \\ &= 150648 \end{aligned}$$

5. d

$$\begin{aligned} \text{Fiscal deficit} &= \text{Total Expenditure} - \text{Total Receipts net of Borrowings and other liabilities (Revenue Receipts + Recovery of Loans + Other Receipts)} \\ &= 1975194 - (1374203 + 17630 + 47743) \\ &= 535618 \end{aligned}$$

6. a

$$\begin{aligned} \text{Primary Deficit} &= \text{Fiscal deficit} - \text{Interest payments} \\ &= 535618 - 480714 \\ &= 54904 \end{aligned}$$

An LAC curve is not known as

- a. Envelope curve
- b. Planning curve
- c. operating curve
- d. plant curve

Ans - d

Marginal cost means

- a. Substitutional cost
- b. addition to the total cost
- c. multiplication to the total cost
- d. variable cost

Ans - b

In case of oligopoly, number of firms is

- a. Larger
- b. Infinite
- c. one
- d. few

Ans - d

What are homogenous products?

- a. Undifferentiated products
- b. Differentiated products
- c. Both (a) and (b)
- d. None

Ans - a

Which of the following is not a step in the forecasting process?

- a. determine the use of the forecast
 - b. eliminate any assumptions
-

- c. determine the time horizon
- d. historical and associative

Ans - b

.....

A distinguishing characteristic of monopolistic competition is

- a. Large number of firms
- b. Low entry baarriers
- c. product standardisation
- d. product differentiation

Ans - d

.....

If firms can neither enter nor leave an industry, the relevant time period is the

- a. Short run
- b. Intermediate run
- c. Long run
- d. Immediate run

Ans - a

.....

Imperfect competition was introduced by

- a. Marshall
- b. Chamberlin
- c. Keynes
- d. None

Ans - b

.....

In case of monopoly, a firm in the long run can have

- a. Loss
- b. Profit
- c. Super normal profit
- d. All of the above

Ans – d

.....

In perfect competition equilibrium is attained when

- a. $AR = AC$
- b. $TR = TC$
- c. $MR = MC$
- d. $Q = P$

Ans - c

kinked demand curve is associated with

- a. Cournot
- b. Chamberlin
- c. Edgeworth
- d. Sweezy

Ans - d

The upper portion of the kinked demand curve is relatively

- a. More inelastic
- b. More elastic
- c. Less elastic
- d. Less inelastic

Ans - b

Concentration of monopoly is implemented under

- a. FERA
- b. MRTP
- c. FEMA
- d. None

Ans - b

Cartel is a part of

- a. Monopoly
 - b. Oligopoly
-

- c. Duopoly
- d. Perfect competition

Ans - b

.....

The two general approaches to forecasting are

- a. qualitative and quantitative
- b. mathematical and statistical
- c. judgmental and qualitative
- d. historical and associative

Ans - b

.....

The Kinked demand curve in Sweezy's oligopoly model emerges due to assumption that

- a. when one seller decreases or increases his price, others follow
- b. When one seller decreases his price others follow him
- c. when one seller decreases his price others follow but when he increases his price do not follow
- d. when one seller increases his price others decrease their prices

Ans - c

.....

A perfectly inelastic demand curve

- a. is a vertical line parallel to Y axis
- b. is a vertical line parallel to X axis
- c. indicates a good with no close substitutes
- d. a and c

Ans - d

.....

A list consisting of job duties and responsibilities is part of

- a. job descriptions
- b. job analysis
- c. job specifications
- d. both A and C

Ans - a

.....

While determining equilibrium of firm in short run for perfect competition, the X-axis in the diagram represents

- a. Revenue
- b. Output
- c. Cost
- d. Price

Ans - b

Types of performance information includes

- a. results based information
- b. trait based information
- c. behavior based information
- d. all of above

Ans - d

Given revenues from sales of Rs. 1,200 and the cost of sales of Rs. 1,100, what would the average level of revenues that makes it worthwhile to extend credit to slow payers?

- a. Rs. 1,364.00
- b. Rs. 1,389.74
- c. Rs. 1,410.26
- d. Rs. 1,510.26

Ans - c

When the concept of ratio is defined in respected to the items shown in the financial statements, it is termed as

- a. Accounting ratio
- b. Financial ratio
- c. Costing ratio
- d. None of the above

Ans - a

Transition to independent contracts status is an example of

- a. phased retirement
- b. flexible work
- c. honoring experience
- d. modifying selection procedure

Ans - a

.....

The measure of how efficiently the assets resources are employed by the firm is called

- a. Liquidity ratio
- b. Leverage ratios
- c. Activity ratios
- d. Profitability ratios

Ans - c

.....

The objectives of Cash Flow Statement are

- A) Analysis of cash position
- B) Short-term cash planning
- C) Evaluation of liquidity
- D) Comparison of operating Performance

- a. Both A and B
- b. Both A and C
- c. Both B and D
- d. A, B, C, D

Ans - d

.....

Implicit costs are

- a. equal to total fixed costs
- b. comprised entirely of variable costs
- c. payments for self employed resources
- d. always greater in the short run than in the long run

Ans - c

.....

.....
A sample of 225 observations is found to have a mean of 2,463.1 and a standard deviation of 784.9.

1. What is the 98% 2-sided confidence interval for the population mean?
- a. [2,341.3, 2,584.9]
 - b. [2,584.9, 2,341.3]
 - c. [2,341.3, 2,570.6]
 - d. [2,463.1, 2,584.9]

Ans - a

Solution:

The standard deviation of the sample mean is $784.9 / \sqrt{225} = 52.33$. The Z-score is 2.328. The precision amount is $2.328 * 52.33 = 121.82$. The confidence interval is [2,341.3, 2,584.9].

.....

2. What is the interpretation of the confidence interval in 13)?
- a. There is a 95% probability that the population mean falls within the interval range
 - b. There is a 98% probability that the population mean falls within the interval range
 - c. There is a 98% probability that the sample mean falls within the interval range
 - d. There is a 98% probability that the population mean falls outside the interval range

Ans - b

Solution:

The interpretation has the correct level of confidence, correct population parameter, and correct interval range.

.....

3. What is the 98% 1-sided upper bound confidence interval for the population mean?
- a. $(-\infty, 2,570.6]$
 - b. $(-\infty, 2,584.9]$
 - c. $(-\infty, 2,463.1]$
 - d. $[2,570.6, \infty)$

Ans - a

Solution:

The standard deviation of the sample mean is $784.9 / \sqrt{225} = 52.33$. The Z-score is 2.055. The precision amount is $2.055 * 52.33 = 107.54$. The confidence interval is $(-\infty, 2,570.6]$.

.....

4. What is the interpretation of the confidence interval in 15)?

- a. There is a 99% probability that the population mean falls within the interval range
- b. There is a 95% probability that the population mean falls within the interval range
- c. There is a 98% probability that the population mean falls within the interval range
- d. There is a 98% probability that the sample mean falls within the interval range

Ans - c

Solution:

The interpretation has the correct level of confidence, correct population parameter, and correct interval range.

5. What is the 98% 1-sided lower bound confidence interval for the population mean?

- a. $(-\infty, 2,355.6]$
- b. $[2,355.6, \infty)$
- c. $[2,463.1, \infty)$
- d. $[2,341.3, \infty)$

Ans - b

Solution:

The standard deviation of the sample mean is $784.9 / \sqrt{225} = 52.33$. The Z-score is 2.055. The precision amount is $2.055 * 52.33 = 107.54$. The confidence interval is $[2,355.6, \infty)$.

6. What is the interpretation of the confidence interval in 17)?

- a. There is a 99% probability that the population mean falls within the interval range
- b. There is a 95% probability that the population mean falls within the interval range
- c. There is a 98% probability that the population mean falls within the interval range
- d. There is a 98% probability that the population variance falls within the interval range

Ans - c

Solution:

The interpretation has the correct level of confidence, correct population parameter, and correct interval range.

7. What is the 99% 2-sided confidence interval for the population mean?

- a. [2,341.3, 2,584.9]
- b. [2,328.4, 2,463.1]
- c. [2,463.1, 2,597.8]
- d. [2,328.4, 2,597.8]

Ans - d

Solution:

The standard deviation of the sample mean is $784.9 / \sqrt{225} = 52.33$. The Z-score is 2.575. The precision amount is $2.575 * 52.33 = 134.75$. The confidence interval is [2,328.4, 2,597.8].

8. What is the interpretation of the confidence interval in 19)?

- a. There is a 99% probability that the population mean falls within the interval range
- b. There is a 99% probability that the sample mean falls within the interval range
- c. There is a 99% probability that the population mean falls outside the interval range
- d. There is a 98% probability that the population mean falls within the interval range

Ans - a

Solution:

The interpretation has the correct level of confidence, correct population parameter, and correct interval range.

Among the essential aspects of Oligopoly is

- a. excess capacity
- b. non-price competition
- c. a large number of firms
- d. mutual recognition of interdependence

Ans - d

In an Oligopolistic market, there are

- a. a large number of sellers and few buyers
- b. few sellers and few buyers

- c. few sellers and a large number of buyers
- d. only one seller

Ans - b

.....

Forecasts are usually classified by time horizon into three categories they are

- a. short range, medium range and long range
- b. finance/accounting, marketing and operations
- c. strategic, tactical and operational
- d. exponential smoothing, regression and time series

Ans - a

.....

The short run is a time period in which

- a. all resources are fixed
- b. the level of output is fixed
- c. the size of the production plant is variable
- d. some resources are fixed and others are variable

Ans - a

.....

The monopolist can fix any price for his product, but cannot determine for his product

- a. Revenue
- b. Cost
- c. Supply
- d. Demand

Ans - d

.....

The primary objective for discriminating monopolist is

- a. Loss minimization
- b. Profit maximisation
- c. To cover production cost
- d. All of the above

Ans – b

.....

A trader carries an average inventory of Rs. 40,000. His inventory turnover ratio is 8 times. If he sells goods at a profit of 20% on Revenue from operations, find

1. Cost of Revenue from operations

- a. Rs. 80,000
- b. Rs. 2,20,000
- c. Rs. 3,20,000
- d. Rs. 4,00,000

Ans - c

2. Revenue from operations

- a. Rs. 80,000
- b. Rs. 2,20,000
- c. Rs. 3,20,000
- d. Rs. 4,00,000

Ans - d

3. Gross Profit

- a. Rs. 80,000
- b. Rs. 2,20,000
- c. Rs. 3,20,000
- d. Rs. 4,00,000

Ans - a

Solution:

1. c

Inventory Turnover Ratio = Cost of Revenue from Operations / Average Inventory

8 = Cost of Revenue from Operations / Rs. 40,000

∴ Cost of Revenue from operations = 8 × Rs. 40,000

= Rs. 3,20,000

2. d

Revenue from operations = Cost of Revenue from operations × (100 / 80)

= Rs. 3,20,000 × (100 / 80)

= Rs. 4,00,000

3. a

Gross Profit = Revenue from operations – Cost of Revenue from operations
= Rs. 4,00,000 – Rs. 3,20,000
= Rs. 80,000

People who are 'public relations executives' are best classified as

- a. enterprising orientation
- b. investigative orientation
- c. social orientation
- d. conventional orientation

Ans - a

'Job rotation' means

- a. redesigning jobs of workers
- b. assigning additional activities to workers
- c. moving workers from one job to other
- d. none of above

Ans - c

Employees to whom overtime is not paid under restriction of Fair Labor Standards Act are called

- a. exempt employees
- b. non-exempt employees
- c. salaried exempt employees
- d. salaried nonexempt employees

Ans - a

Type of rewards employees get in form of monetary or non-monetary benefits are classified as

- a. extrinsic rewards
- b. leniency rewards
- c. primacy rewards
- d. intrinsic rewards

Ans - a

Most common and usual form of direct compensation paid in organizations is

- a. base pay and benefits
- b. base and variable pay
- c. variable pay and benefits
- d. all of above

Ans - b

Example of 'general competency' related to job is included

- a. strategic thinking
- b. mathematical reasoning
- c. reading and writing
- d. both b and c

Ans - d

Diversification' can be best classified as

- a. potential opportunities
- b. potential threats
- c. potential strengths
- d. potential weaknesses

Ans - a

..... practices will help to overcome the HR promotions

- a. Employment
- b. Economic
- c. Innovative
- d. Cultural changes

Ans - c

Traditional and direct method of instruction

- a. Programme
 - b. Demonstration
-

- c. Lecture
- d. Role playing

Ans - c

The Concept of Johari Window is related to self-awareness. The authors Luft and Ingham refer two dimensions i.e how much of one's behavior is known to him and how much he feels others known to him. These two dimensions give four windows (Open, Blind, Hidden and dark). Based on this concept. Answer the following questions.

01. Each of the four windows relate to specific situation. Which of these is matched?

- a. Open – Known to others but not known to self
- b. Blind – Unknown to self and others
- c. Hidden – Known to self and unknown to others.
- d. Dark – known to self and others

02. There is need to enhance the open area. If the actual situation is "Hidden" how the open area can be increased and hidden area reduced.

- a. By receiving feedback from others
- b. By self disclosure.
- c. By sharing
- d. All he above

03. There is need to enhance the open area. If the actual situation is "Blind" how the open area can be increased and hidden area reduced.

- a. By receiving feedback from others.
- b. By self disclosure
- c. By sharing
- d. All he above

04. There is need to enhance the open area. If the actual situation is "Dark" how the open area can be increased and hidden area reduced.

- a. By receiving feedback from others
- b. By self disclosure.
- c. By sharing.
- d. All the above

Ans - 1-c, 2-b, 3-a, 4-c

From the following information of budget (Rs. Cr)

Revenue Expenditure-70000
Borrowing-15000
Revenue Receipt-50000
Interest payment- 25% of Revenue deficit

01. Calculate Fiscal Deficit

- a. 15000
- b. 85000
- c. 65000
- d. 12500

Ans- a

02. Calculate Primary Deficit

- a. 15000
- b. 20000
- c. 10000
- d. 5000

Ans- c

What do economists call the total amount of output that is willingly bought at a given level of prices?

- a. an econometric model
- b. aggregate supply
- c. aggregate demand
- d. GDP

Ans - c

By increasing the 'Bank Rate', the RBI can

- a. provide incentives to commercial banks to lend more to public
- b. provide incentives to commercial banks to lend less to public
- c. increase the money supply in the market
- d. none of the above

Ans - b

Which of the following is 'not' a supply curve shifting factor ?

- a. Prices of other goods
- b. sellers expect prices to increase
- c. the cost of resources used to produce good
- d. Price of the commodity

Ans - d

The process of identifying human resource needs and formulating plans to meet these needs is

- a. HR Planning
- b. Man power planning
- c. IT Planning
- d. Production planning

Ans - a

Following cost data is given about ABC Company's product

Selling price per unit - Rs. 200

Marginal cost per unit - Rs. 150

Fixed cost per annum - Rs. 1,00,000

Calculate the following

1. P/V Ratio

- a. 20 percent
- b. 23 percent
- c. 25 percent
- d. 28 percent

2. Break even sales

- a. 2,00,000 OR 1000 units
- b. 3,00,000 OR 1500 units
- c. 4,00,000 OR 2000 units
- d. 5,00,000 OR 2500 units

3. Sales to earn a profit of Rs. 25,000

- a. 2,00,000 OR 1000 units
-

- b. 3,00,000 OR 1500 units
- c. 4,00,000 OR 2000 units
- d. 5,00,000 OR 2500 units

4. Profit at sales of Rs. 8,00,000

- a. 1,00,000
- b. 2,50,000
- c. 6,00,000
- d. 8,50,340

5. New break even sales, if price is increased by 25%

- a. 1,00,000
- b. 2,50,000
- c. 6,00,000
- d. 8,50,340

6. New break even sales, if price is reduced by 15%

- a. 1,00,000
- b. 2,50,000
- c. 6,00,000
- d. 8,50,340

Ans : 1-c, 2-c, 3-d, 4-a, 5-b, 6-d

Solution:

1. $(S-v)/S = F + P$ OR

$S \times P/V \text{ Ratio} = \text{Contribution}$

So, $P/V \text{ Ratio} = \text{Contribution} / \text{Sales} \times 100$

$= (200 - 150)/200 \times 100$

$= 50 / 200 \times 100$

$= 25\%$

2. Break even sales

$S \times P/V \text{ Ratio} = \text{Fixed Cost}$

(At break even sales, contribution is equal to fixed cost) Putting this values

$S \times 25/100 = 1,00,000$

$S = 1,00,000 \times 100 / 25$

$= 4,00,000 \text{ OR } 2000 \text{ units}$

3. The sales to earn a profit of Rs. 25,000

$$S \times P/V \text{ Ratio} = F + P$$

Putting this values

$$S \times 25/100 = 1,00,000 + 25,000$$

$$S = 1,25,000 \times 100/25$$

$$S = \text{Rs. } 5,00,000 \text{ OR } 2500 \text{ units}$$

4. Profit at sales of 8,00,000

$$S \times P/V \text{ Ratio} = F + P$$

Putting this values

$$\text{Rs. } 8,00,000 \times 25/100 = 1,00,000 + P$$

$$2,00,000 = 1,00,000 + P$$

$$2,00,000 - 1,00,000 = P$$

$$p = 1,00,000$$

5. New break even sales, if sale price is increased by 25%

$$\text{New sales price} = 200 + 25\%$$

$$= 200 + 50$$

$$= 250$$

$$\text{Marginal cost} = \text{Rs. } 150$$

$$\text{Contribution} = \text{Rs. } 250 - 150 = 100$$

$$P/V \text{ Ratio} = \text{Contribution} / \text{Sales}$$

$$= 100 / 250 \times 100 \text{ OR } 40 \%$$

Now, $S \times P/V \text{ Ratio} = F$ (at B.E.P. contribution is equal to fixed cost)

$$S \times 40 / 100 = 1,00,000$$

$$S = 1,00,000 \times 100/40$$

$$= \text{Rs. } 2,50,000$$

6. New break even sales, if sale price is reduced by 25%

$$\text{New sales price} = 200 - 15\%$$

$$= 200 - 30$$

$$= 170$$

$$\text{Marginal cost} = \text{Rs. } 150$$

$$\text{Contribution} = \text{Rs. } 170 - 150 = 20$$

$$P/V \text{ Ratio} = \text{Contribution} / \text{Sales}$$

$$= 20 / 170 \times 100 \text{ OR } 11.76 \%$$

Now, $S \times P/V \text{ Ratio} = F$ (at B.E.P. contribution is equal to fixed cost)

$$S \times 11.76 / 100 = 1,00,000$$

$$S = 1,00,000 \times 100/11.76$$

$$= \text{Rs. } 8,50,340$$

Efficiency consideration must be balanced against

- a. Facilities and obtainability
- b. Talents and skills of the people
- c. Abilities and availability of the people
- d. None of the above

Ans - c

'Differentiation and integration' is an example of

- a. human process intervention
- b. techno structural interventions
- c. strategic intervention
- d. HRM interventions

Ans - b

Stage in which person focuses on maintaining established position is called

- a. exploration stage
- b. growth stage
- c. midcareer crisis sub stage
- d. maintenance stage

Ans - d

People having 'foreign services' as profession are best classified as

- a. realistic orientation
- b. investigative orientation
- c. social orientation
- d. artistic orientation

Ans - c

Which of the following is a basic principle of finance as it relates to the management of working capital?

- a. Profitability varies inversely with risk.
 - b. Liquidity moves together with risk.
-

- c. Profitability moves together with risk.
- d. Profitability moves together with liquidity.

Ans - c

.....

Which of the following statements is not true with respect to the matching strategy?

- a. All assets should be financed with permanent long term capital
- b. Temporary current assets should be financed with temporary working capital
- c. Permanent current assets should be financed with permanent working capitals
- d. Long term assets should be financed from long term capital

Ans - a

.....

Which of the following working capital strategies is the most aggressive?

- a. Making greater use of short term finance and maximizing net short term asset
- b. Making greater use of long term finance and minimizing net short term asset
- c. Making greater use of short term finance and minimizing net short term asset
- d. Making greater use of long term finance and maximizing net short term asset

Ans - c

.....

In the terminology of economics and money demand, the terms M3 and M4 are also known as

- a. Short money
- b. Long money
- c. Broad money
- d. Narrow money

Ans - c

.....

Net working capital refers to

- a. total assets minus fixed assets
- b. current assets minus current liabilities
- c. current assets minus inventories
- d. current assets

Ans - b

.....

.....
Companies may adopt an aggressive or a conservative working capital policy. An aggressive policy means that a company

- a. faces a low level of risk
- b. expects a lower level of profitability
- c. holds high levels of cash and inventories
- d. has a low level of flexibility

Ans - d
.....

Risk, as it relates to working capital, means that there is jeopardy to the firm for not maintaining sufficient current assets to

- a. meet its cash obligations as they occur and take advantage of prompt payment discounts
- b. support the proper level of sales and take prompt payment discounts
- c. maintain current and acid-test ratios at or above industry norms
- d. meet its cash obligations as they occur and support the proper level of sales

Ans - d
.....

Which of the following statements is correct for an aggressive financing policy for a firm relative to a former conservative policy?

- a. The firm will use long-term financing to finance all fixed and current assets
- b. The firm will see an increase in its expected profits
- c. The firm will see a decline in its risk profile
- d. The firm will need to issue additional common stock this period to finance the assets

Ans - b
.....

Outcomes of competency based pay system such as fewer bottlenecks, more workforce flexibility and increased effectiveness are classified as

- a. quartile strategy based outcome
- b. organization-related outcomes
- c. employee-related outcomes
- d. percentiles strategy outcomes

Ans - b
.....

An Enquiry into the Nature and Causes of Wealth of Nations” is the book of economist

- a. Adam Smith
- b. Marshall
- c. Robbins
- d. None of above

Ans - a

.....

Macroeconomics is a study of economics that deals with which 4 major factors

- a. households, firms, government, and demand-supply
- b. households, firms, government and external sector
- c. firms, government, free-market, and regulations
- d. none of the above

Ans - b

.....

An increase in taxes is a(n)

- a. expansionary fiscal policy
- b. expansionary monetary policy
- c. contractionary fiscal policy
- d. contractionary monetary policy

Ans - c

.....

A boom is a series of

- a. increasing deviations from trend
- b. peaks
- c. above trend values
- d. positive growth rates

Ans - c

.....

What does the term Gross investment mean while denoting a nation's economy?

- a. Gross investment= Net investment + Depreciation
 - b. Gross investment= Net investment - Depreciation
-

- c. Gross investment= Depreciation - Net investment
- d. None of the above

Ans - a

.....

Income Elasticity established relation between Income and

- a. Price
- b. Supply
- c. Quantity Demanded
- d. Income

Ans - c

.....

Who gave welfare theory of economics?

- a. Alfred Marshall
- b. Lionel Robbins
- c. Adam Smith
- d. None of these

Ans - a

.....

Forces behind the demand curve

- a. Expectation about future economic conditions
- b. Average Income
- c. Cost of production
- d. Both a and b

Ans - d

.....

which of the following is consistent with the law of supply?

- a. As the price rises, the quantity supplied also increases
- b. As the price falls, the supply increases
- c. As the price rises, the quantity supplied decreases.
- d. None

Ans - a

.....

Whenever the government spends more than it collects through revenue, the resulting imbalance is known as

- a. Public deficit
- b. Market deficit
- c. Government deficit
- d. Budget deficit

Ans - d

Which of the following does not occur during an expansion?

- a. Consumer purchases increase
- b. Demand for labor rises
- c. Business profits increase
- d. None of the above

Ans - d

According to Marshall, the basis of consumer surplus is

- a. Law of diminishing marginal utility
- b. Law of equi-marginal utility
- c. Law of proportions
- d. All of the above

Ans - a

By increasing the 'Bank Rate', the RBI can

- a. provide incentives to commercial banks to lend more to public
- b. provide incentives to commercial banks to lend less to public
- c. increase the money supply in the market
- d. none of the above

Ans - b

Retired officers of Indian Army are recruited by real estate firms is an example of

- a. phased retirement
-

- b. flexible work
- c. honoring experience
- d. modifying selection procedure

Ans - c

.....

Method of predicting organisation future demand for employees

- a. HR Forecast
- b. Labour Forecast
- c. Manpower Forecast
- d. Job Forecast

Ans - a

.....

A lateral movement within the same grade from one job to another

- a. Promotion
- b. Transfer
- c. Recruitment
- d. Retrenchment

Ans - b

.....

Your firm has a philosophy that is analogous to the hedging (maturity matching) approach. Which of the following is the most appropriate form for financing a new capital investment in plant and equipment?

- a. Trade credit
- b. 6-month bank notes
- c. Accounts payable
- d. Common stock equity

Ans - d

.....

Which of the following would be consistent with a hedging (maturity matching) approach to financing working capital?

- a. Financing short-term needs with short-term funds.
 - b. Financing short-term needs with long-term debt.
 - c. Financing seasonal needs with long-term funds.
-

d. Financing some long-term needs with short-term funds.

Ans - a

.....

..... Test is a mental ability test

- a. Intelligence
- b. Aptitude
- c. Personality
- d. Interest

Ans - a

.....

A group created by management to accomplish certain organizational goal is called as

- a. Performance group
- b. Task group
- c. Prime group
- d. In group

Ans - b

.....

A statement containing the details of works to be performed & responsibilities involved is known as

- a. Job analysis
- b. Job evaluation
- c. Job specification
- d. Job description

Ans - d

.....

Leadership and development consists of

- a. Flexi and part time workers
- b. Employee empowerment
- c. Feedback system
- d. None of the above

Ans - b

.....

In deciding the optimal level of current assets for the firm, management is confronted with

- a. a trade-off between profitability and risk
- b. a trade-off between liquidity and risk
- c. a trade-off between equity and debt
- d. a trade-off between short-term versus long-term borrowing

Ans - a

.....

Under a conservative financing policy a firm would use long-term financing to finance some of the temporary current assets. What should the firm do when a "dip" in temporary current assets causes total assets to fall below the total long-term financing?

- a. Use the excess funds to pay down long-term debt
- b. Invest the excess long-term financing in marketable securities
- c. Use the excess funds to repurchase common stock
- d. Purchase additional plant and equipment

Ans - b

.....

Which of the following statements is correct for a conservative financing policy for a firm relative to a former aggressive policy?

- a. The firm uses long-term financing to finance all fixed and current assets
- b. The firm will see an increase in its expected profits
- c. The firm will see an increase in its risk profile
- d. The firm will increase its dividends per share (DPS) this period

Ans - a

.....

If a company moves from a "conservative" working capital policy to an "aggressive" policy, it should expect

- a. liquidity to decrease, whereas expected profitability would increase
- b. expected profitability to increase, whereas risk would decrease
- c. liquidity would increase, whereas risk would also increase
- d. risk and profitability to decrease

Ans - a

.....

Financing a long-lived asset with short-term financing would be

- a. an example of "moderate risk -- moderate (potential) profitability" asset financing
- b. an example of "low risk -- low (potential) profitability" asset financing
- c. an example of "high risk -- high (potential) profitability" asset financing
- d. an example of the "hedging approach" to financing

Ans - c

The name of the facilitator in the HR department

- a. People's champion
- b. Supervisor
- c. Chief executive
- d. Leader

Ans - a

..... deals with orientation along with parents

- a. Campus recruitment
- b. Walk in interview
- c. Employees training
- d. All the above

Ans - a

....., implies objective listing of the job title, tasks, duties

- a. Job description
- b. Job content
- c. Organizational description
- d. Supervisor's instruction

Ans - a

HRM is in nature

- a. Pervasive
 - b. Evasive
-

- c. Decisive
- d. Inclusive

Ans - a

What was the traditional term used for HRP and the one often associated with personnel management?

- a. Gap analysis
- b. Human resource planning
- c. Employee planning
- d. Manpower planning

Ans - d

..... is a well Thought-out course of action

- a. strategy
- b. procedure
- c. mission
- d. Budgetary programme

Ans - b

What is the correct formula for GDP Deflater?

- a. $\text{Nominal GDP} - (\text{minus}) \text{Real GDP}$
- b. $\text{Nominal GDP} + \text{Real GDP}$
- c. $\text{Nominal GDP} / \text{Real GDP}$
- d. $\text{Real GDP} / \text{Nominal GDP}$

Ans - c

Laissez-faire economics refers to

- a. a term denoting economic transactions carried out by the State/government
- b. economic transactions in private parties where there is no intervention by the State/government
- c. a branch of socialism focusing on welfare economics
- d. None of the above

Ans - c

From the following balance sheet of ABC Co. Ltd. as on March 31, 2018. Calculate

I. Equity and Liabilities - 7,00,000

1. Shareholders' funds

- a) Share capital 4,00,000
- b) Reserves and surplus 1,00,000

2. Non-current Liabilities

Long-term borrowings 1,50,000

3. Current Liabilities 50,000

II. Assets - 7,00,000

1. Non-current Assets

- a) Fixed assets 4,00,000
- b) Non-current investments 1,00,000

2. Current Assets 2,00,000

1. Debts

- a. Rs. 1,50,000
- b. Rs. 5,00,000
- c. Rs. 5,50,000
- d. Rs. 6,50,000

Ans - a

2. Equity

- a. Rs. 1,50,000
- b. Rs. 5,00,000
- c. Rs. 5,50,000
- d. Rs. 6,50,000

Ans - b

3. Capital Employed

- a. Rs. 1,50,000
 - b. Rs. 5,00,000
 - c. Rs. 5,50,000
-

d. Rs. 6,50,000

Ans - d

4. Debt-Equity Ratio

- a. 0.23 : 1
- b. 0.3 : 1
- c. 0.71 : 1
- d. 4.67 : 1

Ans - b

5. Total Assets to Debt Ratio

- a. 0.23 : 1
- b. 0.3 : 1
- c. 0.71 : 1
- d. 4.67 : 1

Ans - d

6. Proprietary Ratio

- a. 0.23 : 1
- b. 0.3 : 1
- c. 0.71 : 1
- d. 4.67 : 1

Ans - c

7. Debt to Capital Employed Ratio

- a. 0.23 : 1
- b. 0.3 : 1
- c. 0.71 : 1
- d. 4.67 : 1

Ans - a

Solution:

1. a

Debt = Long-term borrowings

= Rs. 1,50,000

2. b

Equity = Share capital + Reserves and surplus

= Rs. 4,00,000 + Rs. 1,00,000

= Rs. 5,00,000

3. d

Capital Employed = Shareholders' Funds + Long-term borrowings

= Rs. 5,00,000 + Rs. 1,50,000

= Rs. 6,50,000

4. b

Debt-Equity Ratio = Debts / Equity

= Rs. 1,50,000 / Rs. 5,00,000

= 0.3 : 1

5. d

Total Assets to Debt Ratio = Total assets / Long term debts

Total Assets = Fixed assets + Non-current investments + Current assets

= Rs. 4,00,000 + Rs. 1,00,000 + Rs. 2,00,000 = Rs. 7,00,000

Long-term Debt = Rs. 1,50,000

Total Asset to Debt Ratio = Rs. 7,00,000 / Rs. 1,50,000

= 4.67 : 1

6. c

Proprietary Ratio = Shareholders' Funds / Total Assets

= Rs. 5,00,000 / Rs. 7,00,000

= 0.71 : 1

7. a

Debt to Capital Employed Ratio = Long - term debts / Capital Employed

Capital Employed = Shareholders' Funds + Long-term borrowings

= Rs. 5,00,000 + Rs. 1,50,000

= Rs. 6,50,000

Debt to Capital Employed Ratio = Long - term debts / Capital Employed

= Rs. 1,50,000 / Rs. 6,50,000

= 0.23 : 1

A population having a stated or limited size is called as...

- a. Limited Population
- b. Infinite Population
- c. Finite Population
- d. unlimited Population

Ans - c

.....

Which of the following holds that innovations or productivity shocks in one sector can spread to the rest of the economy and cause recessions and booms?

- a. monetary theories
- b. the multiplier-accelerator model
- c. equilibrium-business cycle theories
- d. real-business cycle theory

Ans - d

.....

In the monetary small open-economy model with a fixed exchange rate, a temporary decrease in domestic total factor productivity in the absence of any other shocks

- a. increases the current account surplus and increases the domestic money supply
- b. increases the current account surplus and decreases the domestic money supply
- c. increases the domestic money supply and decreases the current account surplus
- d. decreases the domestic money supply and decreases the current account surplus

Ans - d

.....

Which of the following would be consistent with a conservative approach to financing working capital?

- a. Financing short-term needs with short-term funds.
- b. Financing short-term needs with long-term debt.
- c. Financing seasonal needs with short-term funds.
- d. Financing some long-term needs with short-term funds.

Ans - b

.....

Which of the following would not be financed from working capital?

- a. Cash float
- b. Accounts receivable
- c. Credit sales
- d. A new personal computer for the office

Ans - d

The economy in which individuals and private firms make the major decisions about production and consumption is called a

- a. Market economy
- b. Capitalistic economy
- c. Socialistic economy
- d. Either of a and b

Ans - d

The working capital requirement (WCR) is

- a. inventories plus receivables less payables plus prepayments less accruals
- b. working capital plus short-term debt plus cash
- c. working capital less short-term debt less cash
- d. inventories plus receivables less payables

Ans - a

Working capital is

- a. WCR less short-term debt less cash
- b. equity plus long-term debt less non-current assets
- c. WCR plus short-term debt plus cash
- d. equity plus long-term debt plus non-current assets

Ans - d

In deciding the appropriate level of current assets for the firm, management is confronted with

- a. a trade-off between profitability and risk
-

- b. a trade-off between liquidity and marketability
- c. a trade-off between equity and debt
- d. a trade-off between short-term versus long-term borrowing

Ans - a

.....

The FDI limit in insurance sector has been enhanced to

- a. 40 %
- b. 49 %
- c. 49.99 %
- d. 50 %

Ans - b

.....

LPG subsidy for consumers having income of has been scrapped

- a. above Rs 5 lac
- a. 5 lac and above
- a. above Rs 10 lac
- a. 10 lac and above

Ans - c

.....

When we go from general assumption to particular production which method is used for constructing an economic theory?

- a. Deductive method
- b. Inductive method
- c. Partial method
- d. General method

Ans - a

.....

Which of the following is a normative statement?

- a. Planned economics allocate resources via govt. departments
 - b. Most transitional economics have experienced problems of failing output and rising prices over the past decade.
 - c. There is a greater degree of consumer sovereignty in market economics than planned economics
-

d. Reducing in equality should be a major priority for mixed 4.. economics.

Ans - d

.....

The data for the new series of GDP is calculated from companies

- a. 2500
- b. 5000
- c. 1 lac
- d. 5 lac

Ans - c

.....

RBI has introduced term repos of different tenors, such as (i) 7 days, (ii) 14 days, (iii) 28 days

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

The base year, for calculation of GDP is

- a. 2004-05
- b. 2005-06
- c. 2011-12
- d. 2012-13

Ans - c

.....

FDI in plantation sector (including tea) will be permissible up to 100% under automatic route

- a. 40 %
- b. 49 %
- c. 50 %
- d. 100 %

Ans - d

.....

The market equilibrium is

- a. Quantity supplied is equal to quantity demanded
- b. Quantity supplied is less than quantity demanded
- c. Quantity supplied is more than the quantity demanded
- d. None of the above

Ans - a

.....

Demand curve slopes downwards

- a. With rise in price quantity demand will increase
- b. With decrease in price demand will decrease
- c. With price rise quantity demand will decrease
- d. None of the above

Ans - c

.....

An example of 'positive economics' analysis would be

- a. An analysis of the relationship between the price of food & the quantity purchased.
- b. Determining how much income each person should be guaranteed.
- c. Determining the 'fair' price for food.
- d. Deciding how to distribute the output of the economy.

Ans - a

.....

Freedom of choice is the advantage of

- a. Socialism
- b. Capitalism
- c. Mixed economy
- d. Communisms

Ans - b

.....

Inductive method is based on the observation of particular facts.

- a. Never
 - b. Seldom
-

- c. Alternatively
- d. Always

Ans - b

.....

Foreign investment upto is permitted in defense sector under automatic route.

- a. 40 %
- b. 49 %
- c. 49.99 %
- d. 50 %

Ans - b

.....

Indian economy is mixed economy because

- a. Agriculture & industry have both simultaneously developed in India
- b. Agriculture & industry have both developed in the public sector
- c. Private ownership & public ownership over means of production co-exist
- d. All of the above

Ans - c

.....

Larger production of production in future.

- a. Consumer goods
- b. Capital goods
- c. Agricultural goods
- d. Public goods

Ans - b

.....

Production possibilities curve is also known as

- a. Demand curve
- b. Supply curve
- c. Indifference curve
- d. Transformation Curve

Ans - d

.....

In career development, realistic career plans is included in

- a. individual role
- b. manager role
- c. employer role
- d. line manager

Ans - a

An availability of information systems to integrate learning with employee pay is part of

- a. phased retirement
- b. preretirement counseling
- c. talent management
- d. modifying selection procedure

Ans - c

A monopolist will never produce at a point where

- a. demand is price - inelastic
- b. demand is price - elastic
- c. marginal cost is positive
- d. marginal cost is increasing

Ans - d

Gradual long term movement in time series data is called

- a. Seasonal variation
- b. cycles
- c. trends
- d. exponential variation

Ans - a

Which of the following is not present in a time series?

- a. Seasonality
 - b. operational variations
-

- c. trend
- d. random variations

Ans - d

.....

Lawyers are tend to be classified as personality type of

- a. social
- b. non artistic
- c. investigative
- d. enterprising

Ans - d

.....

Relationships section of job description defines whom would you

- a. supervise
- b. report to
- c. work with
- d. all of above

Ans - d

.....

Position Analysis Questionnaire (PAQ) for job analysis is

- a. quantitative technique
- b. qualitative technique
- c. both A and B
- d. none of above

Ans - a

.....

When employee's high expectations confront reality of boring job, it is called

- a. promotions
- b. transfers
- c. reality shock
- d. formal training

Ans - c

.....

ABC Ltd. gives the following Balance sheet

Balance Sheet(Rs.)

Equity share capital - 1500000

Reserve fund - 100000

6% Debentures - 300000

Overdraft - 100000

Creditors - 200000

Fixed Assets - 1400000

Stock - 500000

Debtors - 200000

Cash - 100000

You are required to compute

1. Liquid Ratio

a. 0.375

b. 1.5

c. 27.27

d. 100

Ans - b

2. Solvency Ratio

a. 0.375

b. 1.5

c. 27.27

d. 100

Ans - a

3. Debt-Equity Ratio

a. 0.375

b. 1.5

c. 27.27

d. 100

Ans - c

4. Stock of Working Capital Ratio

- a. 0.375
- b. 1.5
- c. 27.27
- d. 100

Ans - d

Solution :

1. b

$$\begin{aligned}\text{Liquid Assets} &= \text{Debtors} + \text{Cash} \\ &= 2,00,000 + 1,00,000 \\ &= 3,00,000\end{aligned}$$

$$\text{Liquid Liabilities : Creditors} = 2,00,000$$

$$\begin{aligned}\text{Liquid Ratio} &= \text{Liquid Assets} / \text{Liquid Liabilities} \\ &= 3,00,000 / 2,00,000 \\ &= 1.5\end{aligned}$$

2. a

$$\text{Debt - Equity Ratio} = \text{External Equities} / \text{Internal Equities}$$

External Equities : All outsiders loan Including current liabilities

$$3,00,000 + 1,00,000 + 2,00,000 = 6,00,000$$

Internal Equities : It Includes share holders fund + Reserves

$$15,00,000 + 1,00,000 = 16,00,000$$

$$\begin{aligned}\text{Debt - Equity Ratio} &= 600000 / 1600000 \\ &= 0.375\end{aligned}$$

3. c

$$\text{Solvency Ratio} = \text{Outside Liabilities} / \text{Total Assets}$$

Outside Liabilities = Debenture + Overdraft + Creditors

$$= 3,00,000 + 1,00,000 + 2,00,000 = 6,00,000$$

$$\begin{aligned}\text{Solvency Ratio} &= (600000 / 2200000) * 100 \\ &= 27.27\end{aligned}$$

4. d

$$\text{Stock of Working Capital Ratio} = \text{Stock} / \text{Working Capital}$$

Working Capital = Current Assets - Current Liabilities

$$= 8,00,000 - 3,00,000 = 5,00,000$$

$$\text{Stock of Working Capital Ratio} = 500000 / 500000 * 100 = 100$$

Forecasts used for new product planning, capital expenditure, facility location or expansion and R&D typically utilize a

- a. short range time horizon
- b. medium range time horizon
- c. long range time horizon
- d. naive method, because there is no data history

Ans - c

People are not attracted towards occupations, which require affective activities can be best classified as

- a. realistic oriented
- b. investigation oriented
- c. social oriented
- d. artistic oriented

Ans - b

Providing employees development budget is a method relating to

- a. career management
- b. appraisal management
- c. performance management
- d. employee development

Ans - a

..... are necessary to match the changing job requirements

- a. Finance experts
- b. Marketing experts
- c. Technical skill personal
- d. Legal experts

Ans - c

For improving effectiveness in interpersonal relations, which of the following area is most critical?

- a. dark
- b. arena
- c. blind
- d. closed

Ans - b

.....

Which of the following is part of human resources management (HRM)?

- a. routine functions
- b. organizational development
- c. employee development
- d. all the above

Ans - a

.....

Which of the following statement is correct?

- a. HR functions in banks are generally performed professionally like other corporates
- b. HR functions in banks are generally performed professionally like other corporates
- c. HR functions in banks are generally not performed professionally like other corporates
- d. HR functions in banks are professionally performed unlike other corporates

Ans - c

.....

Which of the following aims at safeguarding interest and controlling exploitation of specific groups (i) Child Labour Act 1986, (ii) Bonded Labour System Act 1976, (iii) Interstate Migrant Workmen Act 1979.

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

In the present context, the objective of HRd. (which one is correct)

- a. to develop capabilities of each employee as an individual
-

-
- b. to develop team spirit and functioning in every organizational unit
 - c. collaboration amongst different groups in the organization
 - d. all the above

Ans - a

.....

Which of the following enhanced the role of HR professional ? (i) growth of unionism, (ii) state interventions through a no. of legislations, (iii) stress on statutory welfare

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

The first decade of 21st century saw extensive competition in the banking activity due to (i) globalization, (ii) deregulation, (iii) privatization

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

.....

Job role or job analysis comprises (i) job description, (ii) job evaluation, (iii) job specification

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

..... is primarily used to compare similarity between jobs within an organization or between organisations or even in an industry:

- a. job description
- b. job role or job analysis

- c. job specification
- d. job evaluation

Ans - d

.....

As per explanation of the need hierarchy, need for an individual to realize his potential and self-actualization is as strong as satisfying physical needs.

- a. Robert Owen
- b. Charles Babbage
- c. Abraham Maslow
- d. Douglas McGregor

Ans - c

.....

According to Nadler, the learning for growth of the individual not related to a specific present or future job is known as:

- a. training
- b. education
- c. development
- d. seminar

Ans - c

.....

Fiscal policy is related to

- a. Exports and Imports
- b. Public revenue and expenditure
- c. Issues and circulation of currencies
- d. Monetary Control measures

Ans - b

.....

If profit margin = 4.5% and total assets turnover = 1.8% then return on assets DuPont equation would be

- a. 2.50%
 - b. 8.10%
 - c. 0.40%
-

d. 4 times

Ans - b

Solution

ROE = net profit margin * return on equity
=4.5%*1.8%
=8.10%

What does the term Gross investment mean while denoting a nation's economy?

- a. Gross investment= Net investment + Depreciation
- b. Gross investment= Net investment - Depreciation
- c. Gross investment= Depreciation - Net investment
- d. None of the above

Ans - a

Which of these will have highly inelastic supply?

- a. perishable goods
- b. consumer durables goods
- c. Items of elite class consumption
- d. All the three

Ans - a

In maximization problem, optimal solution occurring at corner point yields the

- a. mean values of z
- b. highest value of z
- c. lowest value of z
- d. mid values of z

Ans - b

In linear programming, oil companies used to implement resources available is classified as

- a. implementation modeling
 - b. transportation models
-

- c. oil model
- d. resources modeling

Ans - b

In linear programming, number of requirements must be satisfied in simplex method are

- a. two requirements
- b. three requirements
- c. four requirements
- d. five requirements

Ans - b

In Johari Window transactional analysis "I am not OK. You are not OK" stands for

- a. both have value
- b. I have value and you do not have value
- c. you have value but I do not have value
- d. neither person has value

Ans - d

360° performance appraisal in banks, has more relevance and significance for

- a. Identification/recognition and development of talents
- b. enhancing measures like training/special assignments
- c. self appraisal
- d. Both (b) and (c)

Ans - a

Certain traits are essential for

- a. Effective leadership
- b. Help in effective leadership
- c. Goal clarity
- d. Help produce result

Ans - b

Linear Trend is calculated as $T_t = 28.5 + 0.75t$. the trend projection for period is 15 is

- a. 11.25
- b. 28.50
- c. 39.75
- d. 44.25

Ans - c

Solution:

substitute $t=15$ into the equation $T(t) = 28.5 + 0.75 t$
 $= 28.5 + (0.75)(15)$
 $= 28.50 + 11.25$
 $= 39.75$

When appraisals are made by superiors, peers, subordinates and clients then it is called

- a. 360 degree feedback
- b. 180 degree feedback
- c. Self - appraisal
- d. None of the above

Ans - a

Which method is used for evaluating the performance of executives or supervisory positions?

- a. Psychological Appraisals
- b. Assessment Centres
- c. Behaviourally Anchored Rating Scales
- d. 360 degree feedback

Ans - b

What does the 360 degree feedback assess?

- a. Communication Skills
- b. Behavioural Aspect
- c. Team - building skills
- d. Soft skills

Ans - d

The idea that government's fiscal policy can be used to stabilize the level of output and employment can be attributed to which of the following economists

- a. Frederich Hayek
- b. Ludwig von Mises
- c. Frederic Bastiat
- d. John Maynard Keynes

Ans - d

The demand for salt is inelastic, because

- a. of low price
- b. absence of it makes food tasteless
- c. no substitutes
- d. All the three

Ans - c

When did the Great Depression struck the United States?

- a. 2007
- b. 1930
- c. 1936
- d. 2001

Ans - b

Who has given scarcity definition of economics ?

- a. Adam Smith
- b. Marshall
- c. Robbins
- d. Robertson

Ans - c

An increase in the money supply is a(n)

- a. expansionary fiscal policy
-

- b. expansionary monetary policy
- c. contractionary fiscal policy
- d. contractionary monetary policy

Ans - b

.....

Which of the following would be consistent with a more aggressive approach to financing working capital?

- a. Financing short-term needs with short-term funds.
- b. Financing permanent inventory buildup with long-term debt.
- c. Financing seasonal needs with short-term funds.
- d. Financing some long-term needs with short-term funds.

Ans - d

.....

Net income available to stockholders is Rs. 125 and total assets are Rs. 1,096 then return on common equity would be

- a. 0.11%
- b. 11.40%
- c. 0.12 times
- d. 12%

Ans - b

.....

Random sampling error

- a. is the difference between a survey that includes only those who responded and a survey that also includes those who failed to respond
- b. does not occur in nonprobability samples
- c. results from the nature of a study's design and the inappropriate or random administration of the sampling process
- d. is a function of sample size

Ans - d

.....

Whenever the government spends more than it collects through revenue, the resulting imbalance is known as

- a. Public deficit
- b. Market deficit
- c. Government deficit
- d. Budget deficit

Ans - d

Price elasticity demand of product will be more elastic if it

- a. has no substitutes
- b. has number of substitutes
- c. is an item of necessity
- d. is life saving product

Ans - b

A recession is a series of

- a. negative growth rates
- b. below trend values
- c. troughs
- d. declining deviations from trend

Ans - b

..... is an objective assessment of an individual's performance against well-defined benchmarks.

- a. Performance Appraisal
- b. HR Planning
- c. Information for goal identification
- d. None of the above

Ans - a

Standard deviation of sampling distribution of any statistic is called

- a. Sampling Error
-

- b. Type-I Error
- c. Standard Deviation
- d. Standard Error

Ans - d

.....

When you behave and respond with probing responses that shows curiosity, intimacy, fun, joyfulness and fantasy, you are in which ego state?

- a. Critical Parent
- b. Natural Child
- c. Sympathetic Parent
- d. Adult Ego

Ans - b

.....

If you don't study for an exam because you don't think it will help your exam grade, this refers to which component of Expectancy theory?

- a. Valence
- b. Instrumentality
- c. Expectancy
- d. Effort

Ans - c

.....

The ability to put yourself in others shoes and to sense how others are feeling is called

- a. Empathy
- b. Self awareness
- c. Self monitoring
- d. Consciousness

Ans - a

.....

When a monopolistically competitive firm advertises, it is attempting to increase

- a. The demand and decrease the price elasticity of demand for its product
 - b. The demand and increase the price elasticity of demand for its product
 - c. Long-run profits
-

d. Market demand

Ans - a

.....

According to Marshall, the basis of consumer surplus is

- a. Law of diminishing marginal utility
- b. Law of equi-marginal utility
- c. Law of proportions
- d. All of the above

Ans - a

.....

The demand for salt is inelastic, because

- a. of low price
- b. absence of it makes food tasteless
- c. no substitutes
- d. All the three

Ans - c

.....

National Income estimates in India is prepared by

- a. RBI
- b. Central Statistical Organization
- c. Finance Ministry
- d. Planning Commission

Ans - b

.....

Monetary policy affects

- a. inflation only
- b. output only
- c. both inflation and output
- d. neither inflation nor output

Ans - c

.....

A restrictive monetary-fiscal policy is a good way to deal with

- a. Demand—shift inflation
- b. Any short of inflation that occurs when the economy falls below full employment
- c. Demand—pull inflation
- d. Cost—push inflation

Ans - b

National income differs from NNP at market prices by the amount of

- a. Current transfers from the rest of the world
- b. Net indirect taxes
- c. National debt interest
- d. It does not differ

Ans - b

For most consumers apples and oranges are substitute goods. Therefore, we would expect a rise in the price of apples to lead to

- a. A rightward shift in the demand curve of oranges
- b. A leftward shift in the supply curve of apples
- c. A downward change in the demand curve of oranges
- d. A fall in the price of oranges

Ans - a

The term 'consumer goods' is used by economists to refer to

- a. Goods produced for consumers in a free market only.
- b. Goods other than free goods, whose use directly satisfies consumers wants.
- c. Goods produced by consumers in return for a wage.
- d. Goods which are used by consumers in order to earn their living

Ans - b

Many of the basic problems of economics emerge from

- a. Unlimited resources
-

- b. Incompetent govt
- c. The use of limited resources to satisfy human wants
- d. Unlimited wants

Ans - c

.....

The demand for a good is elastic if

- a. The demand for that good increases when price falls
- b. A decrease in price results in a decrease in total expenditure
- c. The quantity demanded increases less than proportionately with the decrease in price level
- d. None of the above

Ans - c

.....

Indian Economy can be best described as

- a. Developed economy
- b. Undeveloped economy
- c. Developing economy
- d. Underdeveloped

Ans - c

.....

The term "balance of trade" means (i) Difference between exports & imports, (ii) Net Exports including merchandise, (iii) The difference between the cost of the imports and exports of a country

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - b

.....

The liquidity preference arises due to (i) Transaction Motive, (ii) Precautionary Motive, (iii) Speculative Motive

- a. Only (i) and (ii)
 - b. Only (i) and (iii)
 - c. Only (ii) and (iii)
-

d. (i), (ii) and (iii)

Ans - d

.....

Devaluation means

- a. Fall in Marginal utility of Money
- b. Fall in printing of currency
- c. Risk in blackmoney
- d. Fall in the value of money in terms of foreign currency

Ans - d

.....

Acute inflationary situation

- a. Makes savings in the form of bank deposits less attractive
- b. Makes savings more attractive
- c. Arises due to liquidity trap
- d. All the above

Ans - a

.....

The open market operations refer to the sale and purchase by the RBI of (i) Foreign exchange, (ii) Gold, (iii) Government securities

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

A rightwards shifts in supply schedule indicates

- a. A decrease in Supply
- b. A decrease in quantity supply
- c. An increase in quantity supply
- d. An increase in supply

Ans – d

.....

Which budget is measured in financial terms only?

- a. Dominance budget
- b. Programme performance budget
- c. Zero-base budget
- d. Central budget

Ans - b

.....

Recession is associated with fall in

- a. Demand
- b. Supply
- c. Disinvestment
- d. Investment

Ans - a

.....

Cash = Rs. 6,00,000

Debtors = Rs. 9,00,000

Inventories = Rs. 20,00,000

Current liabilities = Rs. 30,00,000

Total current assets = Rs. 40,00,000

The quick ratio = ?

- a. 1:1
- b. 1.5:1
- c. 1:1.5
- d. 2:1

Ans - c

Solution :

Quick ratio = Quick asset / CL

Here Quick asset = CA-Inventory

So, Quick asset = 4000000 - 2000000 = 2000000

CL = 3000000

Hence Quick Ratio = 2000000/3000000

= 1:1.5

.....

What are the forces behind the demand curve? (i) Expectation about future economic conditions, (ii) Average Income

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - d

Present Value is defined as:

- a. Future cash flows discounted to the present at an appropriate discount rate
- b. Inverse of future cash flows
- c. Present cash flow compounded into the future
- d. None of the above

Ans - a

If the present value of the cash flow X is Rs.200, and the present value cash of the flow Y is Rs.150, than the present value of the combined cash flow is:

- a. 200
- b. 150
- c. 50
- d. 350

Ans - d

If the present value of Rs.444 to be paid at the end of one year is Rs. 400, what is the one year discount factor?

- a. 0.909
- b. 1.11
- c. 0.11
- d. None of the above

Ans - a

$$=c1/(r-g)= 400/44=.909$$

.....
If you invest Rs.100,000 today at 12% interest rate for one year, what is the amount you will have at the end of the year?

- a. Rs.90,909
- b. Rs.112,000
- c. Rs.100,000
- d. None of the above

Ans - b

.....

If there is a indirect relationship between rainfall & yield of crops, then...

- a. yield is higher if rainfall is less
- b. yield is lower if rainfall is less
- c. yield is higher if rainfall is higher
- d. none of the above

Ans - a

.....

At Rs. 20 demand for sugar is 300 Kg. When the price falls to Rs. 18, the demand increases to 390 Kg. The price elasticity of demand of sugar is

- a. 2
- b. 2.5
- c. 3
- d. 3.5

Ans - c

Solution :

Price Elasticity of Demand = % Change in Quantity Demanded / % Change in Price

% Change in Quantity Demanded = $90/300 \times 100 = 30$

% Change in Price = $2/20 \times 100 = 10$

Price Elasticity of Demand = $30/10 = 3$

.....

Expand W M A

- a. Wealth and Means Advances
- b. Wealth and Monetary Advances
- c. Ways and Monetary Advances

.....

d. Ways and Means Advances.

Ans - d

.....

In Economics, "Value of best alternative foregone" is called

- a. Sacrifice Cost
- b. Propensity
- c. Opportunity Cost
- d. None of the above

Ans - c

.....

Bank rate is also referred to as

- a. Discount rate
- b. Subsidy rate
- c. Marginal rate
- d. None of the above

Ans - a

.....

What is sampling for groups with considerable variation within but similar to each other called ?

- a. cluster
- b. stratified
- c. systematic
- d. random

Ans - a

.....

Expand C R R

- a. Credit Reference Rate
- b. Credit Reserve Ratio
- c. Cash Reserve Ratio
- d. Cash Reserve Rate

Ans - c

.....

Mr. Ram is working in ABC Corp., since last 30 years. Now he is at an age of 59 due to his old age he is unable to complete his social and biological roles and feeling unwanted and uselessness, the condition of Mr. Ram is said to be...

- a. Guilt
- b. Inferiority
- c. Isolation
- d. Dispair

Ans - d

An employee terminated due to Alcoholism, Dishonesty or inefficiency is called as

- a. Discharge
- b. dismissal
- c. Suspend
- d. layoff

Ans - a

Standard Performance – Actual Performance = Training & Development

- a. Objective
- b. Drawback
- c. Motive
- d. Need

Ans - d

Demographic advantage is popularly called as demographic

- a. Preference
- b. Dividend
- c. Premium
- d. Coupon

Ans - b

The economy, in which the government does not interfere at all in economic decisions, is called a economy.

- a. Market economy
- b. Capitalistic economy
- c. Laissez-faire economy
- d. Command economy

Ans - c

Forces behind the demand curve

- a. Expectation about future economic conditions
- b. Average Income
- c. Cost of production
- d. Both a and b

Ans - d

Government of India introduced policy for raising interest rate to combat inflation.

- a. Expansionary policy
- b. Monetary policy
- c. fiscal policy
- d. contractionary policy

Ans - d

Central bank uses to control the money supply in the market.

- a. SLR
- b. CRR
- c. base rate
- d. bank rate

Ans - d

A downward Sloping Demand Curve relates quantity demanded to

- a. Supply
-

- b. Income
c. Price
d. Demand

Ans - c

You are receiving Rs. 10000 every year for the next 5 years (at the beginning of the period) and you invest each payment @ 5%. How much you would have at the end of the 5-year period?

- a. 58109
b. 58019
c. 58091
d. 58190

Ans - b

Explanation :

Here, P = 10000, R = 5% p.a., T = 5 yrs
If invested at the beginning,
 $FV = P / R * [(1+R)^T - 1] * (1+R)$
 $FV = 55256 \times 1.05$
 $= 58019$

The present banking system is called a

- a. On line banking system
b. Fractional reserve banking system
c. Accrual system of accounting
d. Book keeping accounting system

Ans - b

Real time gross settlement system is

- a. Net settlement system
b. Designated-time settlement system
c. Designated-time net settlement system
d. None of these

Ans - d

What is the message flow structure in our RTGS System?

- a. V
- b. Y
- c. L
- d. T

Ans - b

.....

The repetitive movement around a trend line in a 4- month period is best described by

- a. seasonal variation
- b. secular trend
- c. cyclical fluctuation
- d. irregular variation

Ans - a

.....

Removing the highest & lowest actual-to-moving average values when computing seasonal index for annual data reduces

- a. extreme cyclical variations
- b. secular trend
- c. seasonal variations
- d. all of these

Ans - a

.....

..... is the rate of interest which a central bank charges on the loans and advance that it extends to commercial banks and other financial intermediaries.

- a. Base Rate
- b. Bank Rate
- c. CRR
- d. Repo Rate

Ans - b

.....

If company defines authority and communication channels for employees, it is performing

- a. staffing function
- b. organizing function
- c. leading function
- d. controlling function

Ans - b

.....

Manager who can only issue orders in his own department

- a. Line managers
- b. Staff managers
- c. HR managers
- d. all of above

Ans - b

.....

Duties of HR manager and staff functions consist of

- a. Assisting line manager
- b. Implementing policies
- c. Directing tasks of people
- d. all of above

Ans - a

.....

Consider the following data, for a given firm:

Total assets - 1 Crore
Current assets - 40 Lakhs
Current liabilities - 35 Lakhs
Long-term debt(book) - 50 Lakhs
Total stockholders' equity(book) - 15 Lakhs
Retained earnings - 10 Lakhs
Sales - 1.5 Crores
EBIT - 8 Lakhs
Market value of equity - 30 Lakhs

Compute Altman's Z-score for this firm

- a. 1.4782
-

- b. 1.7482
- c. 2.4782
- d. 2.7482

Ans - c

Solution :

$$Z\text{-Score} = 1.2A + 1.4B + 3.3C + 0.6D + 1.0E$$

Where:

A = Working Capital/Total Assets = 5LAC/1CR

B = Retained Earnings/Total Assets= 10LAC/1CR

C = Earnings Before Interest & Tax/Total Assets = 8LAC/1CR

D = Market Value of Equity/Total Liabilities30LAC/35LAC

E = Sales/Total Assets =1.5CR/1CR

$$\begin{aligned} \text{So, Z-Score} &= 1.2A + 1.4B + 3.3C + 0.6D + 1.0E \\ &= 1.2(.05)+1.4(.1)+3.3(.08)+0.6(.857)+1.5 \\ &= 2.4782 \end{aligned}$$

High performance work system leads to

- a. superior employee performance
- b. low labor costs
- c. safer workplaces
- d. less employee turnover rate

Ans - a

Most of time manager of Human Resource department is

- a. line manager
- b. staff manager
- c. none of above
- d. both A and B

Ans - b

Given the following information:

Particulars Rs.
Inventories 50,000
Trade receivables 50,000
Advance tax 4,000
Cash and cash equivalents 30,000
Trade payables 1,00,000
Short-term borrowings (bank overdraft) 4,000

1. Calculate Current Assets

- a. Rs. 80,000
- b. Rs. 1,04,000
- c. Rs. 1,24,000
- d. Rs. 1,34,000

2. Calculate Current Liabilities

- a. Rs. 80,000
- b. Rs. 1,04,000
- c. Rs. 1,24,000
- d. Rs. 1,34,000

3. Calculate Quick Assets

- a. Rs. 80,000
- b. Rs. 1,04,000
- c. Rs. 1,24,000
- d. Rs. 1,34,000

4. Calculate Current Ratio

- a. 0.77 : 1
- b. 1.29 : 1
- c. 1 : 0.77
- d. 1 : 1.29

5. Calculate Quick Ratio

- a. 0.77 : 1
 - b. 1.29 : 1
 - c. 1 : 0.77
 - d. 1 : 1.29
-

Solution:

1. d

Current Assets = Inventories + Trade receivables + Advance tax + Cash and cash equivalents
= Rs. 50,000 + Rs. 50,000 + Rs. 4,000 + Rs. 30,000
= Rs. 1,34,000

2. b

Current Liabilities = Trade payables + Short-term borrowings
= Rs. 1,00,000 + Rs. 4,000
= Rs. 1,04,000

3. a

Quick Assets = Current assets – (Inventories + Advance tax)
= Rs. 1,34,000 – (Rs. 50,000 + Rs. 4,000)
= Rs. 80,000

4. b

Current Ratio = Current Assets / Current Liabilities
= Rs. 1,34,000 / Rs. 1,04,000
= 1.29 : 1

5. a

Quick Ratio = Quick Assets / Current Liabilities
= Rs. 80,000 / Rs. 1,04,000
= 0.77 : 1

RBI regulates the money supply, availability of money and also cost of money i.e. rate of interest.

RBI makes use of a no. of tools for this purpose that include Repo Rate, Bank Rate, Reverse Repo Rate, MSF Rate, Statutory Liquidity Ratio, Cash Reserve Ratio, Market Stabilization Scheme. Answer the following questions based on the above information.

1. Which of the following is not used in the process of neutralizing the effect of liquidity generated by foreign exchange flows in India? (i) Repo and Reverse repo, (ii) CRR/SLR, (iii) Market Stabilization Scheme

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - a

2. Change in which of the following need not reduce the funds available with banks for lending purpose?

(i) Cash reserve Ratio, (ii) Bank rate, (iii) Repo rate

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

3. Which of the following do not ensure the solvency of commercial banks? (i) SLR, (ii) CRR, (iii) Repo and Reverse repo

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

4. For rediscounting of commercial instruments from banks, RBI does not use the (i) Cash reserve Ratio, (ii) Bank rate, (iii) Repo rate

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - b

Performance development plan is set for the employee by his immediate boss.

- a. Employer
- b. Department Head
- c. Immediate boss
- d. Any of the above

Ans - c

Given the following sample data: 2, 4, 8, 6, 10, and 12.

1. Calculate Mean

- a. 6
- b. 7
- c. 8
- d. 9

Ans - b

2. Calculate standard deviation

- a. 2.34
- b. 2.43
- c. 3.42
- d. 4.23

Ans - c

3. Calculate coefficient of Standard Deviation

- a. 0.39
- b. 0.43
- c. 0.49
- d. 0.57

Ans - c

4. Calculate coefficient of variance

- a. 46.86
- b. 48.86
- c. 53.86
- d. 56.86

Ans - b

Solution :

$$\begin{aligned} 1. \text{ Mean - } \bar{X} &= \frac{\sum X}{n} \\ &= \frac{42}{6} \\ &= 7 \end{aligned}$$

$$\begin{aligned} X &- (X - \bar{X})^2 \\ 2 &- (2 - 7)^2 = 25 \\ 4 &- (4 - 7)^2 = 9 \\ 8 &- (8 - 7)^2 = 1 \\ 6 &- (6 - 7)^2 = 1 \\ 10 &- (10 - 7)^2 = 9 \\ 12 &- (12 - 7)^2 = 25 \end{aligned}$$

$$\begin{aligned} \sum X &= 42 \\ \sum (X - \bar{X})^2 &= 70 \end{aligned}$$

$$\begin{aligned} 2. \text{ Standard Deviation} &= \sqrt{[\sum (X - \bar{X})^2 / n]} \\ S &= \sqrt{70/6} \\ &= \sqrt{35/3} \\ &= 3.42 \end{aligned}$$

$$\begin{aligned} 3. \text{ Coefficient of Standard Deviation} &= S/\bar{X} \\ &= 3.42/7 \\ &= 0.49 \end{aligned}$$

$$\begin{aligned} 4. \text{ Coefficient of Variation (C.V)} &= S/\bar{X} \times 100 \\ &= (3.42/7) \times 100 \\ &= 48.86\% \end{aligned}$$

The following person has suggested the new concept which takes into account various key factors that will tell the overall performance of a job.

- a. Elliot Jecques
- b. Fred Luthas
- c. Juran
- d. None of the above

Ans - a

The following type of recruitment process is said to be a costly affair.

- a. Internal recruitment
- b. External recruitment
- c. Cost remains same for both types
- d. None of the above

Ans - b

Given the following data (Rs. in Arab) about a government budget

Capital Receipts Net of Borrowings - 95
Revenue Expenditure - 100
Interest Payments - 10
Revenue Receipts - 80
Capital Expenditure - 110

1. Find out the Revenue deficit

- a. Rs. 20 Arab
- b. Rs. 25 Arab
- c. Rs. 35 Arab
- d. Rs. 40 Arab

2. Find out the Fiscal deficit

- a. Rs. 20 Arab
- b. Rs. 25 Arab
- c. Rs. 35 Arab
- d. Rs. 40 Arab

3. Find out the Primary deficit

- a. Rs. 20 Arab
- b. Rs. 25 Arab
- c. Rs. 35 Arab
- d. Rs. 40 Arab

Solution

1 - a. Revenue Deficit = Revenue Expenditure – Revenue Receipts
= 100 - 80
= Rs. 20 Arab

2 - c. Fiscal Deficit = [Revenue Expenditure + Capital Expenditure] – [Revenue Receipt + Capital Receipt Net of Borrowing]
= (100 + 110) - (80 + 95)
= 210 - 175
= Rs. 35 Arab

3 - b. Primary Deficit = Fiscal Deficit – Interest Payments
= 35 - 10
= Rs. 25 Arab

The following is (are) the objective(s) of inspection. (i) Quality product, (ii) Defect free products, (iii) Customer satisfaction

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

Centers of expertise provide special assistance in

- a. updates regarding appraisal
- b. production department
- c. organizational change
- d. long term strategic plan

Ans - c

Which pay is one of the most crucial pay given to the employee & also shown in the pay structure?

- a. Performance
- b. Strategic
- c. Bonus
- d. Commission

Ans - a

The role of the organisation in career planning is to introduce & strengthen systems to ensure of employees

- a. Career progression
- b. Self development
- c. Economical Development
- d. Skill enhancement

Ans - a

Given the following data (Rs. in Arab) about a government budget

Tax Revenue - 47
Capital Receipts - 34
Non-Tax Revenue - 10
Borrowings - 32
Revenue Expenditure - 80
Interest Payments - 20

1. Find out the Revenue deficit

- a. Rs. 12 Arab
- b. Rs. 23 Arab
- c. Rs. 32 Arab
- d. Rs. 36 Arab

2. Find out the Fiscal deficit

- a. Rs. 12 Arab
- b. Rs. 23 Arab
- c. Rs. 32 Arab
- d. Rs. 36 Arab

3. Find out the Primary deficit

- a. Rs. 12 Arab
- b. Rs. 23 Arab
- c. Rs. 32 Arab
- d. Rs. 36 Arab

Solution

1. Revenue Deficit = Revenue Expenditure – (Tax Revenue + Non-tax Revenue)
= 80 - [47+ 10]
= 80 - 57
= Rs. 23 Arab

2. Fiscal Deficit = Borrowings
Borrowings = Rs. 32 Arab
So, Fiscal Deficit = Rs. 32 Arab

3. Primary Deficit = Fiscal Deficit – Interest Payments
= 32 - 20
= Rs. 12 Arab

Under Turnover method of assessment, the limit is sanctioned at per cent of the projected turnover.

- a. 25
- b. 20
- c. 30
- d. 35

Ans - b

Cash budget method of assessment is more suitable for those business enterprises which have

- a. uniform level of operations
- b. High level of operations
- c. Low level of operations
- d. Seasonal operations

Ans - d

A D G P is issued by the bank for, to its client.

- a. Sale of goods
- b. Purchase of goods
- c. Sale of capital goods
- d. Purchase of capital goods

Ans - d

Which of the following statements is not true for an infrastructure project?

- a. It has long gestation period
- b. It reduces the risk for the lender as his funds get assured deployment for a long time.
- c. The debt equity ratio is normally high for an infrastructure project
- d. The implementation period is usually long

Ans - b

Which of the following is not a source of funds for meeting the cost of fixed assets by an enterprise?

- a. Credit by supplier of assets
 - b. Internal accruals
-

- c. Debentures
- d. D P G

Ans - d

.....

Which of the following is ratio, indicative of the repaying capacity of a borrower?

- a. Quick ratio
- b. T O L/T N W
- c. D S C R
- d. D E R

Ans - c

.....

The result of discarding extreme values before averaging is called

- a. residual mean
- b. modified mean
- c. extreme mean
- d. none of the above

Ans - b

.....

An annuity consists of monthly repayments of Rs. 600 made over 20 years and if rate is 14% monthly. What is the future value of the annuity?

- a. 781046
- b. 718146
- c. 781146
- d. 716814

Ans - c

Explanation :

Apply FV formula to get the Answer

Here

$$R = 14\% / 12 = 0.01166$$

$$T = 20 \times 12 = 240$$

$$FV = 781146$$

.....

Which of the following is not the essential characteristic of the strategic types of information?

- a. Simulated “what if” information of a short-term nature
- b. Competitive actions
- c. Demographic studies
- d. Customer actions

Ans - a

Which of the following is not the essential characteristic of Decision Support System?

- a. Output directed to organization personnel at all levels
- b. Comprehensive database
- c. Adaptive system over time
- d. None of these

Ans – d

In a study it was noticed that average height of sons of tall fathers is less than that of the fathers and vice versa . This is due to

- a. extension
- b. progression
- c. regression
- d. hypertension

Ans - c

Indices for fuel group are announced.....

- a. Daily
- b. Weekly
- c. Monthly
- d. Yearly

Ans – b

In project management, which of the following does not show precedence relationship among the tasks and milestones of the project?

- a. Gantt Chart
- b. PERT
- c. CASE Tools
- d. None of these

Ans - a

Which one is not an economic activity?

- a. Investment
- b. Production
- c. Consumption
- d. None of these

Ans - d

Narrow money is indicated by

- a. M1
- b. M2
- c. M3
- d. M4

Ans - a

Time deposits are

- a. Paid on demand
- b. Not paid on demand
- c. Relatively less liquid than cash and demand deposits
- d. Both a and b

Ans - d

Theory of interest is based on, Select the incorrect option.

- a. Investment demand function
-

- b. The interest rate functions
- c. The liquidity preference function
- d. The quantity of money

Ans - b

.....

According to, the subject matter of economics is the study of how wealth is produced and consumed.

- a. Alfred Marshall
- b. Lionel Robbins
- c. Adam Smith
- d. None of these

Ans - c

.....

If in market, money supply increases and interest rate is down, the LM curve will be

- a. Shift up and to left
- b. Shift down and to right
- c. Shift up and to right
- d. Shift down and to left

Ans - b

.....

Lowering the elasticity of liquidity preference with respect to the changes in interest rate, the LM curve will be

- a. No effect
- b. Flat
- c. Less steep
- d. steeper

Ans - d

.....

Service sector is also referred to as

- a. Primary sector
 - b. Secondary sector
 - c. Tertiary sector
-

d. None of these

Ans - c

The economy in which individuals and private firms make the major decisions about production and consumption is called a

- a. Market economy
- b. Capitalistic economy
- c. Socialistic economy
- d. Either of a and b

Ans - d

Who gave Scarcity Theory of Economics?

- a. Alfred Marshall
- b. Lionel Robbins
- c. Adam Smith
- d. None of these

Ans - b

Which phase of business cycle is referred to as "crisis"?

- a. Recession
- b. Depression
- c. Recovery
- d. Boom

Ans - a

..... is a branch of economics that is concerned with the overall performance of the economy.

- a. Macroeconomics
- b. Microeconomics
- c. Both of these
- d. None of these

Ans - a

Service Sector is also called as (i) Primary Sector, (ii) Secondary Sector

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Neither (i) nor (ii)

Ans - d

Which of the following statements is true about 'Inflation'?

- a. A rise in the general level of prices
- b. Leads to fall in purchasing power
- c. Both a and b
- d. None of the above

Ans - c

An increase in government expenditure or transfer payments will shift the IS curve

- a. To right
- b. To left
- c. No change
- d. Downwards

Ans - a

Real GDP is also known as

- a. GDP at current price
- b. GDP at constant price
- c. GDP at variable price
- d. None of these

Ans - b

In which stage ideal worker are come forward to work on low wages.

- a. Recession
 - b. Depression
-

- c. Recovery
- d. Boom

Ans - c

86th constitutional amendment has made free and compulsory education to all children

- a. up to age 14 girls child
- b. up to 10th class to girl
- c. 6 to 14 yr to all children
- d. 6 to 14 yr to all female children

Ans - c

In phase of business cycle, underemployment will be widespread.

- a. Recession
- b. Depression
- c. Recovery
- d. Boom

Ans - b

The Equilibrium Price is also known as

- a. Market price
- b. Optimum price
- c. Real price
- c. Market-clearing price

Ans - d

After the introduction of financial sector reforms in capital market, rolling settlement replaced

- a. 14-day settlement cycle
- b. Badla system
- c. open outcry system
- d. depository system

Ans – a

Trading and P&L Account of XYZ Ltd. for the year ending 31-3-2018 is given below

To Opening Stock - 15,00,000
To Purchases - 20,00,000
To Wages - 1,10,000
To Carriage and Freight - 1,40,000
To Gross Profit b/d - 7,00,000
Total - 44,50,000

To Administration expenses - 2,00,000
To Selling and Dist. Expenses - 50,000
To Non-operating expenses - 30,000
To Financial Expenses - 20,000
To Net Profit c/d - 5,00,000
Total - 8,00,000

By Sales - 35,00,000
By Closing stock - 10,00,000
Total - 45,00,000

By Gross Profit b/d - 7,00,000
By Non-operating incomes:
By Dividend on shares - 20,000
By Interest on Securities - 30,000
By Profit on sale of shares - 50,000
Total - 8,00,000

Calculate the following

1. Net Profit Ratio

- a. 14.29 percent
- b. 15.29 percent
- c. 16.29 percent
- d. 17.29 percent

2. Gross Profit Ratio

- a. 15 percent
- b. 20 percent
- c. 25 percent
- d. 30 percent

3. Operating Ratio

- a. 69.53 percent
- b. 77.51 percent
- c. 85.71 percent
- d. 89.53 percent

4. Operating Profit Ratio

- a. 31.47 percent
- b. 22.49 percent
- c. 14.29 percent
- d. 10.47 percent

5. Stock Turnover Ratio

- a. 1.90 times
- b. 2.20 times
- c. 2.80 times
- d. 3.63 times

6. Expenses Ratio

- a. 6.14 percent
- b. 7.14 percent
- c. 7.23 percent
- d. 8.23 percent

Ans : 1-a, 2-b, 3-c, 4-c, 5-b, 6-b

Solution:

1. Net Profit Ratio = Net Profit / Net Sales X 100
= 5,00,000 / 35,00,000 X 100
= 14.29%

2. Gross Profit Margin = Gross profit / Sales X 100
= 7,00,000 / 35,00,000 X 100
= 20.00%

3. Operating Ratio = (Cost of goods sold + Op. Expenses) / Net Sales X 100
Cost of Goods sold = Opening stock + purchases + carriage and Freight + wages – Closing Stock
= 1500000 + 2000000 + 140000 + 110000 - 1000000
= Rs.27,50,000
Operating Ratio = (27,50,000 + 2,50,000) / 35,00,000 X 100

$$= 30,00,000 / 35,00,000 \times 100$$
$$= 85.71\%$$

4. Operating Profit Ratio = Op. Profit / Net Sales X 100

Operating profit = Net sales - (Cost of goods sold + Administrative and office expenses + Selling and distribution exp.)

$$= 35,00,000 - (27,50,000 + 2,00,000 + 50,000)$$

$$= 35,00,000 - 30,00,000$$

$$= 5,00,000$$

$$\text{Operating Profit Ratio} = 5,00,000 / 35,00,000 \times 100$$

$$= 14.29\%$$

5. Stock Turnover Ratio = Cost of goods sold / Average Stock

Cost of goods sold = 27,50,000

Average Stock = (Opening Stock + Closing stock) / 2

$$= (15,00,000 + 10,00,000) / 2$$

$$= 25,00,000 / 2$$

$$= 12,50,000$$

$$\text{Stock Turnover Ratio} = 27,50,000 / 12,50,000$$

$$= 2.20 \text{ times}$$

6. Expenses Ratio = Op. Expenses / Net Sales X 100

$$= 2,50,000 / 35,00,000 \times 100$$

$$= 7.14\%$$

A manufacturer produces 5000 units of products annually. The marginal cost of each product is Rs. 30000 and the product is sold for Rs. 40000. Fixed cost incurred by the company is Rs. 15,00,000 annually

Calculate

1. P/V Ratio

- a. 20 percent
- b. 23 percent
- c. 25 percent
- d. 28 percent

2. Break-even point in terms of output

- a. 100 Units
 - b. 125 Units
 - c. 150 Units
-

d. 175 Units

3. Break-even point in terms of sales value

- a. Rs. 30,00,000
- b. Rs. 40,00,000
- c. Rs. 50,00,000
- d. Rs. 60,00,000

Ans : 1-c, 2-c, 3-d

Solution:

1. Contribution per unit = Sales – Variable cost
= Rs. 40000 – Rs. 30000 = Rs. 10000
P/V Ratio = Contribution / Sales x 100
= 10000/40000 x 100
= 25%

2. Break-even point (in units) = Fixed cost / Contribution per unit
= 15,00,000 / 10,000 = 150 units

3. Break-even point (in Rs.) = Break-even point x selling price per unit
= 150 x 40000 = 60,00,000

If the price of 'X' rises by 10%, & the quantity demanded falls by 10%, 'X' has

- a. Inelastic demand
- b. Unit elastic demand
- c. Zero elastic demand
- d. Elastic demand

Ans - b

..... is concerned with the actual work place

- a. Department structure
- b. Organization structure
- c. Working environment
- d. Organization function

Ans - c

Movement of an employee from one job to another is

- a. Job Enlargement
- b. Retrenchment
- c. Job Rotation
- d. Job Design

Ans - c

What are the types of industrial action a union is most likely to engage in?

- a. unofficial action
- b. strike action
- c. action short of a strike
- d. absence

Ans - c

..... is the ideal or target to achieve through higher productivity

- a. Fair wages
- b. Minimum wages
- c. Living wages
- d. Normal wages

Ans - d

Activities that prepare employee for future responsibility is

- a. Inducement
- b. Development
- c. Education
- d. Motivation

Ans - b

Method of publicising the job openings is

- a. Job scheduling
 - b. Job hiring
-

- c. Job posting
- d. Staffing

Ans - c

A business firm recently decreased price by 50%, assuming no other change & if elasticity of demand is unitary, total revenue will

- a. Double
- b. Increase by 50%
- c. Remain unchanged
- d. Decrease by 50%

Ans - c

'A management philosophy that incorporates a 'pull' system of producing or purchasing components and products in response to customer demand' describes

- a. kanban
- b. just in time (JIT)
- c. optimised production technology (OPT)
- d. materials requirement planning (MRP)

Ans - b

Which of the following would be consistent with an aggressive approach to financing working capital?

- a. Financing short-term needs with short-term funds.
- b. Financing permanent inventory buildup with long-term debt.
- c. Financing seasonal needs with short-term funds.
- d. Financing some long-term needs with short-term funds.

Ans - d

A bookseller estimates that if he increases the price of book from 60 to 67 the quantity for books demanded will decrease from 2035 to 1946. The book's price elasticity of demand is approximately

- a. 0.4
 - b. 0.8
 - c. 1.0
-

d. None of the above

Ans - a

.....

Long-term cash flow improvement may not be achieved by

- a. reducing long-term debt
- b. reducing capital expenditure
- c. increasing equity capital
- d. increasing long-term liabilities

Ans - a

.....

Which of the following illustrates the use of a hedging approach to financing assets?

- a. Temporary current assets financed with long-term liabilities.
- b. Permanent working capital financed with long-term liabilities.
- c. Short-term assets financed with equity
- d. All assets financed with a mixture of 50% equity and 50% long-term debt.

Ans - b

.....

Inductive method is based on the observation of particular facts.

- a. Never
- b. Seldom
- c. Alternatively
- d. Always

Ans - b

.....

Which of the following assumption is about a consumer's preferences ensures that it is possible to compose any two bundles?

- a. Completeness
- b. Transitivity
- c. Convexity
- d. Reflexivity

Ans - a

.....

Major decisions are taken by individuals in

- a. Capitalist economy
- b. Mixed economy
- c. Socialistic economy
- d. Laissez-fare economy

Ans - a

.....

Growth Oriented definition is given by

- a. Prof. Marshall
- b. Prof. Hicks
- c. Prof. Samuelson
- d. Prof. Robbins

Ans - c

.....

Suppose a departmental store has a sale on its silverware. If the price of a plate-setting is reduced from 300 to 200 and the quantity demanded increases from 3,000 plate setting to 5000 plate-setting, what is the price elasticity of demand for silverware?

- a. 0.8
- b. 1.0
- c. 1.25
- d. 1.50

Ans - c

.....

“Political economy is the oldest of the arts & the newest of science - indeed the queen of social sciences” is stated by

- a. Adam Smith
- b. Marshall
- c. Robbins
- d. Samuelson

Ans - d

.....

Wages, rent, supply curve etc. are studied under economics.

- a. Macro
- b. Micro
- c. Monetary
- d. All of the above

Ans - b

.....

“Fundamental premise of economics” implies

- a. Natural resources will always be scarce
- b. Individuals are capable of establishing goals & acting in a manner consistent with achievement of those goals.
- c. Individuals choose the alternative for which they believe the net gains to be the greatest.
- d. No matter what the circumstances, individual choice always involves a trade-off

Ans - c

.....

Scarcity is a situation in which

- a. Wants exceed the resources available to satisfy them
- b. Something is being wasted
- c. People are poor
- d. All of the above

Ans - a

.....

“The study of how in a civilised society one obtains the share of what other people have produced and of how the total product of society changes and is determined” is given by —

- a. Prof. Adam Smith
- b. Prof. Henry Smith
- c. Prof. Cohn Smith
- d. None of the above

Ans - b

.....

Which of the following is a positive statement?

- a. What determines the price rise?
- b. What determines the fair price rise?
- c. Rate of inflation should be less than 5%
- d. Ethics

Ans - a

The term 'Economics' has come from the Greek word

- a. Oikonomia
- b. Aikonomia
- c. Wikonomia
- d. None of the above

Ans - a

Household means

- a. Aikonomia
- b. Oikonomia
- c. Wikonomia
- d. None of the above

Ans - b

"Economics is what Economists do" is given by

- a. Prof. Adam Smith
- b. Prof. Henry Smith
- c. Prof. Jacob Viner
- d. Prof. Samuelson

Ans - c

"Whenever six economists gathered, there are seven opinions," stated by

- a. John Meynard Keynes
 - b. Cairn Cross
-

- c. Mrs. Barbara Wootton
- d. Adam Smith

Ans - c

Find the correct match.

- a. Wealth of nation - Marshall
- b. Definition of welfare - Smith.
- c. Definition of growth & development - Samuelson
- d. Definition of scarcity development - Samuelson

Ans - c

'Unlimited ends' leads to

- a. Resource allocation
- b. Alternative uses
- c. Use on priority basis
- d. All of the above

Ans - d

The definition is referred to 'Dismal science' & 'Gospel of Mammon'. Whose definition is this?

- a. Marshall
- b. Robbins
- c. Ricardo
- d. Smith

Ans - d

Socialist economy is a

- a. Planned economy
- b. Mixed economy
- c. Profit-oriented economy
- d. None of the above

Ans - a

.....
Top management works on

- a. strategic plan
- b. corporate plan
- c. budgeting
- d. both A & B

Ans - a

.....

The price of pizza increases by 26% & quantity demanded falls by 23%, this indicates that demand for pizza is

- a. elastic
- b. perfectly elastic
- c. less elastic
- d. unit

Ans - c

.....

The price of air conditioner increases from 30,000 to 30,010 & resultant change in demand is negligible, we use the measure of _____ to measure elasticity.

- a. Point elasticity
- b. Perfect elasticity
- c. Perfect inelasticity
- d. Price elasticity

Ans - a

.....

If the quantity demanded for mutton increases by 10% when the price of chicken increases by 20%, the cross-price elasticity of demand between mutton & chicken is

- a. - 0.25
- b. 0.25
- c. 0.5
- d. 0.4

Ans - c

.....

X Ltd., has a current ratio of 3.5:1 and quick ratio of 2:1. If excess of current assets over quick assets represented by inventories is Rs. 24,000, calculate ...

1. Current liabilities

- a. Rs. 16,000
- b. Rs. 36,000
- c. Rs. 56,000
- d. Rs. 76,000

Ans - a

2. Current assets

- a. Rs. 16,000
- b. Rs. 36,000
- c. Rs. 56,000
- d. Rs. 76,000

Ans - c

Solution:

1. a

Current Ratio = 3.5:1

Quick Ratio = 2:1

Let Current liabilities = x

Current assets = 3.5x

and Quick assets = 2x

Inventories = Current assets – Quick assets

24,000 = 3.5x – 2x

24,000 = 1.5x

x = Rs.16,000

Current Liabilities = Rs.16,000

2. c

Current Assets = 3.5x = 3.5 × Rs. 16,000 = Rs. 56,000.

Verification :

Current Ratio = Current assets : Current liabilities

= Rs. 56,000 : Rs. 16,000

= 3.5 : 1

Quick Ratio = Quick assets : Current liabilities

= Rs. 32,000 : Rs. 16,000
= 2 : 1

How can a firm provide a margin of safety if it cannot borrow on short notice to meet its needs?

- a. Maintain a low level of current assets (especially cash and marketable securities)
- b. Shorten the maturity schedule of financing
- c. Increasing the level of fixed assets (especially plant and equipment)
- d. Lengthening the maturity schedule of financing

Ans - d

Spontaneous financing includes

- a. accounts receivable
- b. accounts payable
- c. short-term loans
- d. a line of credit

Ans - b

Which of the following is not a metric to use for measuring the length of the cash cycle?

- a. Acid test days
- b. Accounts receivable days
- c. Accounts payable days
- d. Inventory days

Ans - a

The cross elasticity of dd for ink pen when the price of gel pen increases by 25% & demand for ink pen increases by 50% is equal to

- a. 2.00
- b. -2.00
- c. -2.09
- d. 2.09

Ans - a

Long-term receivables - 70,000
Long-term investments - 1,50,000
Property, plant and equipment - 5,10,000
Less: Accumulated depreciation - (1,10,000)
Goodwill - 90,000
Other Intangible assets - 60,000
Cash and cash equivalents - 20,000
Receivables - 25,000
Short-term investments - 1,60,000
Inventories - 1,55,000
Prepaid expenses - 25,000

Long-term notes payable - 55,000
Long-term borrowings - 1,20,000
Bonds payable - 1,50,000
Accounts payable - 75,000
Notes payable - 70,000
Short-term borrowings - 80,000
Income taxes payable - 60,000

Common stock - 75,000
Preferred stock - 37,000
Additional paid-in capital - 1,70,000
Retained earnings - 2,63,000

Calculate the following based on the above details.

1. Total current assets

- a. 2,85,500
- b. 3,85,500
- c. 6,10,000
- d. 11,55,000

2. Total assets

- a. 2,85,500
- b. 3,85,500
- c. 6,10,000
- d. 11,55,000

3. Total current liabilities

- a. 2,85,500
-

- b. 3,85,500
- c. 6,10,000
- d. 11,55,000

4. Total liabilities

- a. 2,85,500
- b. 3,85,500
- c. 6,10,000
- d. 11,55,000

5. Total stockholders' equity

- a. 2,85,500
- b. 3,85,500
- c. 5,45,000
- d. 11,55,000

6. Total liabilities and stockholders' equity

- a. 2,85,500
- b. 3,85,500
- c. 6,10,000
- d. 11,55,000

Solutions:

1. b

Total current assets = Cash and cash equivalents + Receivables + Short-term investments + Inventories + Prepaid expenses
= 20,000 + 25,000 + 1,60,000 + 1,55,000 + 25,000
= 3,85,000

2. d

Total assets = (Total current assets + Long-term receivables + Long-term investments + Property, plant and equipment + Goodwill + Other Intangible assets) - Accumulated depreciation
= (3,85,000 + 70,000 + 1,50,000 + 5,10,000 + 90,000 + 60,000) - 1,10,000
= 12,65,000 - 1,10,000
= 11,55,000

3. a

Total current liabilities = Accounts payable + Notes payable + Short-term borrowings + Income taxes payable
= 75,000 + 70,000 + 80,000 + 60,000

= 2,85,000

4. c

Total liabilities = Total current liabilities + Long-term notes payable + Long-term borrowings + Bonds payable
= 2,85,500 + 55,000 + 1,20,000 + 1,50,000
= 6,10,000

5. c

Total stockholders' equity = Common stock + Preferred stock + Additional paid-in capital + Retained earnings
= 75,000 + 37,000 + 1,70,000 + 2,63,000
= 5,45,000

6. d

Total liabilities and stockholders' equity = Total liabilities + Total stockholders' equity
= 6,10,000 + 5,45,000
= 11,55,000

Process of attracting, selecting, training and promoting employees through a particular firm is called

- a. phased retirement
- b. preretirement counseling
- c. talent management
- d. modifying selection procedure

Ans - c

In talent management end to end process, performance management leads

- a. succession planning
- b. compensation management
- c. learning management systems
- d. e-recruiting

Ans - c

Temporary closure of a unit

- a. Strike
 - b. Lockout
-

- c. Layoff
- d. Closure

Ans - b

.....

Social objective of an organization

- a. Minimize the profit
- b. Minimize the negative impact
- c. Maximize the No of employees
- d. Minimize the risk

Ans - b

.....

The candidates are having good education and communication skills are getting more chance

- a. For the promotion and increment
- b. For the Job market
- c. For the organization
- d. For the labour market

Ans - b

.....

Short-term cash flow improvement may not be achieved by

- a. increasing trade payables
- b. reducing trade receivables
- c. reducing inventories
- d. reducing trade payables

Ans - d

.....

Permanent working capital

- a. varies with seasonal needs
- b. includes fixed assets
- c. is the amount of current assets required to meet a firm's long-term minimum needs
- d. includes accounts payable

Ans - c

.....

Population of a town is 100000. The rate of change is 4% p.a. what is was 5 years ago?

- a. 81923
- b. 82193
- c. 89321
- d. 89123

Ans - b

Explanation :

Here,

$$P = 100000$$

$$R = 4\%$$

$$T = 5 \text{ yrs}$$

$$FV = P*(1+R)^{-T}$$

So,

$$FV = 100000*(1+0.04)^{-5}$$

$$= 82193$$

According to, the economics is a study of mankind in the ordinary business of life.

- a. Alfred Marshall
- b. Lionel Robbins
- c. Adam Smith
- d. None of these

Ans - a

An annuity consists of monthly repayments of Rs. 600 made over 20 years and if rate is 14% monthly. What is the present value of the annuity?

- a. 48872
- b. 42878
- c. 48728
- d. 48278

Ans - d

Explanation :

Apply FV formula to get the Answer

Here

$$R = 14\% / 12 = 0.01166$$

$$T = 20 \times 12 = 240$$

$$PV = FV \div (1+r)^t = 48278$$

In project management, which of the following show precedence relationship among the tasks and milestones of the project? (i) Gantt Chart, (ii) PERT, (iii) CASE Tools

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

Which don't emphasize on the pattern of (mutual) expectations? (i) Job, (ii) Task, (iii) Role

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - a

Following the contemporary trend, what is not the focus of redundancy exercises? (i) To dismiss employees who will cost the organization less in terms of redundancy pay, (ii) To limit costs of redundancy support schemes, (iii) To focus on 'surviving staff'

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - a

What is a major problem with outplacement services?

- a. The lack of organizational understanding of the consultants.
- b. The tendency for employees to ignore such services.
- c. The costs involved.
- d. Their tendency to be targeted mainly at managerial staff.

Ans - d

..... is a standard measure of income / expenditure inequality.

- a. HDI
- b. Gini coefficient
- c. GDP
- d. GNP

Ans - b

What government of India does in open market operations to suck money from the market?

- a. absorbs bonds
- b. sells bonds
- c. increases CRR
- d. increases interest Rate

Ans - b

In economics, fiscal policy has got two main instruments, these are

- a. government reserve and capital
- b. CRR and SLR
- c. Base rate and Bank rate
- d. government spending and taxation (revenue collection)

Ans - d

A person borrowed Rs. 10000 from the bank @ 12% p.a. for 1 year, payable on EMI basis. What is the amount of EMI?

- a. 889
-

- b. 898
- c. 989
- d. 998

Ans - a

Explanation :

Here,

P = 10000

R = 12% yearly = 0.01% monthly

T = 1 Y = 12 months

$$EMI = P * R * [(1+R)^T / (1+R)^T - 1]$$

So,

$$EMI = 10000 * 0.01 * (1+0.01)^{12} \div \{(1+0.01)^{12} - 1\}$$
$$= 889$$

Go through the following data and answer the questions (all in Indian Rupees in Crores)

1. Consumptions - Rs. 50000
2. Gross investment - Rs. 40000
3. Govt spending - Rs. 10000
4. Export - Rs. 90000
5. Import - Rs. 60000
6. Taxes - Rs. 5000
7. Subsidies(on production and import) - RS. 1000
8. Compensation of employee - Rs. 500
9. Property Income - Rs. 500
- 7,8,9 - Net receivable from aboard
- 10.Total capital gains from overseas investment - Rs. 15000
- 11.Income earned by foreign national domestically - Rs. 5000

Calculate GNP

- a. Rs. 110000
- b. Rs. 120000
- c. Rs. 130000
- d. Rs. 140000

Ans – d

Solution :

$$\begin{aligned} \text{GDP} &= \text{Consumption} + \text{Gross investment} + \text{Government spending} + (\text{Exports} - \text{Imports}) \\ \text{GDP} &= \text{C} + \text{I} + \text{G} + (\text{X} - \text{M}) \\ &= 50000 + 40000 + 10000 + (90000 - 60000) \\ &= 130000 \end{aligned}$$

$$\begin{aligned} \text{GNP} &= \text{GDP} + \text{NR} (\text{total capital gains from Overseas investment} - \text{income earned by foreign national domestically}) \\ &= 130000 + (15000 - 5000) \\ &= 140000 \end{aligned}$$

Given,

Currency with public - Rs. 120000 Crores
Demand deposit with banking system - Rs. 200000 Crores
Time deposits with banking system - Rs. 250000 Crores
Other deposit with RBI - Rs. 300000 Crores
Savings deposit of post office savings banks - Rs. 100000 Crores
All deposit with post office savings bank excluding NSCs - Rs. 50000 Crores

Calculate broad money M3.

- a. Rs. 570000 Crores
- b. Rs. 620000 Crores
- c. Rs. 670000 Crores
- d. Rs. 870000 Crores

Ans - d

Solution :

$$\begin{aligned} \text{M1} &= \text{currency with public} + \text{demand deposit with the banking system} + \text{other deposits with RBI} \\ \text{M1} &= 120000 + 200000 + 300000 \\ \text{M1} &= 620000 \end{aligned}$$

$$\text{M3} = \text{M1} + \text{Time deposit with banking system}$$

So,

$$\text{M3} = 620000 + 250000$$

$$\text{M3} = 870000 \text{ Crores}$$

Given,

1. Consumptions - Rs. 50000
2. Gross investment - Rs. 40000
3. Govt spending - Rs. 10000
4. Export - Rs. 90000
5. Import - Rs. 60000
6. Indirect Taxes - Rs. 10000
7. Subsidies(on production and import) - RS. 5000
8. Compensation of employee - Rs. 500
9. Property Income - Rs. 500
- 7,8,9 - Net receivable from aboard
- 10.Total capital gains from overseas investment - Rs. 15000
- 11.Income earned by foreign national domestically - Rs. 5000

Calculate GDP at cost factor

- a. Rs. 125000
- b. Rs. 130000
- c. Rs. 135000
- d. Rs. 140000

Ans - c

Solution :

$$\begin{aligned} \text{GDP} &= \text{Consumption} + \text{Gross investment} + \text{Government spending} + (\text{Exports} - \text{Imports}) \\ \text{GDP} &= C+I+G+(X-M) \\ &= 50000+40000+10000+(90000-60000) \\ &= 130000 \end{aligned}$$

$$\begin{aligned} \text{GDP at factor rate} \\ &= \text{GDP}-(\text{Indirect taxes}-\text{subsidies}) \\ &= 130000-(10000-5000) \\ &= 135000 \end{aligned}$$

Changes in the level and composition of taxation and government spending can have impact on the following variables in the economy. Pick up the odd one.

- a. Aggregate demand and the level of economic activity
 - b. The pattern of resource allocation
 - c. The proper utilization of funds
-

d. The distribution of income

Ans - c

.....

Communication technology facilitated any where learning and developed e learning package with the help of

- a. animation software
- b. HRIS
- c. Artificial Intelligence technology
- d. GUI

Ans - d

.....

With regard to HRM, Frederick Taylor gave concept of.....

- a. Division of Labour
- b. Time and Motion Study
- c. Both a & b
- d. None

Ans - c

.....

The system's costs are projected at which stage of the SDLC?

- a. Planning and Analysis
- b. Design
- c. Implementation
- d. Operation and Maintenance

Ans - b

.....

Given,

Corporation tax	- Rs. 500 Crores
Income tax	- Rs. 400 Crores
Other taxes and duties	- RS. 200 Crores
Customs	- RS. 500 Crores
Union exercise tax	- Rs. 400 Crores
Service tax	- Rs. 700 Crores

Tax of union territories- Rs. 200 Crores
Interest receipt - Rs. 500 Crores
Dividend & profit - Rs. 800 Crores
External grant - Rs. 200 Crores
Other non tax revenue - Rs. 900 Crores
State Share - Rs. 500 Crores
Receipt of union territories - Rs. 700 Crores
Trf to NCCD (National calamity Contingency fund. - Rs. 200 Crores

Calculate Net Tax revenue ...

- a. Rs 1900 Crores
- b. Rs 2200 Crores
- c. Rs 2900 Crores
- d. Rs 3800 Crores

Ans - b

Solution :

Net Tax Revenue = Gross tax revenue - NCCD transferred to the National Calamity Contingency fund - state share

Gross Tax revenue = Corporation Tax + Income tax + other tax & duties + customs + union excise duties + service Tax + taxes on union territories
= 500+400+200+500+400+700+200
= 2900 Crores

Net Tax Revenue = Gross tax revenue - NCCD transferred to the National Calamity Contingency fund - state share
= 2900-200-500
= 2200 Crores

Which of the following statements about inflation is not correct? (i) Inflation leads to erosion in purchasing power of money, (ii) It is sustained increase in price level over a period, (iii) Inflation always has only negative effect on the economy

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - b

.....
Strategy employees seek for better hours and location of work while staying in same company is included in

- a. promotions
- b. transfers
- c. reality shock
- d. formal training

Ans - b

.....

Which of these is not the main purpose of employee assessment? (i) Making correct decisions, (ii) To effect promotions based on competence and performance, (iii) Establish job expectations

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - b

.....

..... is the name given to a philosophy and set of methods and techniques that stressed the scientific study and organisation of work at the operational level.

- a. Scientific Management
- b. Human Relations Model
- c. Two factor theory
- d. Achievement motivation theory

Ans - a

.....

How performance appraisal can contribute to a firm's competitive advantage? (i) Ensures legal compliances, (ii) Minimising job dissatisfaction and turnover, (iii) Improves performance

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

Coaching of employees includes (i) planning, (ii) preparation, (iii) follow-up

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

In traditional focus, rewards for employees which are based on talent is a part of

- a. training and development
- b. performance appraisal
- c. recruiting and placement
- d. compensation and benefits

Ans - d

If 3 of the leading indicators move up, 2 move down, and the remaining 6 are constant, then the diffusion index is

- a. $3/6 = 50\%$
- b. $3/11 = 27\%$
- c. $5/11 = 45\%$
- d. $6/11 = 55\%$

Ans - b

The strength (degree) of the correlation between a set of independent variables X and a dependent variable Y is measured by (i) Coefficient of Correlation, (ii) Coefficient of Determination, (iii) Standard error of estimate

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

The sample distribution tends to be quite closer to which of the following theoretical distribution? (i) Binomial Distribution, (ii) Poisson Distribution

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Neither (i) nor (ii)

Ans - d

The cyclical component of time-series data is usually estimated using

- a. linear regression analysis
- b. moving averages
- c. exponential smoothing
- d. qualitative methods

Ans - d

You observe that the price of a good rises and the quantity decreases. These observations can be the result of

- a. the demand curve shifting rightward
- b. the demand curve shifting leftward
- c. the supply curve shifting rightward
- d. the supply curve shifting leftward

Ans - d

What have been the reasons of deficit in India's Balance of Trade in the past? (i) Very large rise in imports, (ii) Modest growth of exports, (iii) High cost and low quality production

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

In the short run, when the output of a firm increases, its average fixed cost

- a. Remains constant
- b. Decreases
- c. Increases
- d. First decreases and then rises

Ans - b

Income elasticity of demand is defined as the responsiveness of:

- a. Quantity demanded to a change in income
- b. Quantity demanded to a change in price
- c. Price to a change in income
- d. Income to a change in quantity demanded

Ans - a

Job analysis includes (i) Job description, (ii) Job enlargement, (iii) Job specification

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - b

In traditional focus, providing opportunities for learning is part of

- a. training and development
- b. performance appraisal
- c. recruiting and placement
- d. human resource planning

Ans - a

In 'ABC' approach, analyzing behaviors means (i) measuring aptitudes, (ii) measuring adequacy of tools, (iii) measuring adequacy of training

- a. Only (i) and (ii)
-

- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

Which of these is one of the seven criteria for assessing performance? (i) Community service, (ii) Interpersonal contact, (iii) Need for supervision

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

..... is the formal process of identifying the content of a job in terms activities involved and attributes needed to perform the work and identifies major job requirements. Choose the wrong one. (i) Job Analysis, (ii) Job Design, (iii) Job Specification

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

Economics can be defined as the social science that explains the

- a. choices made by politicians
- b. choices we make when we trade in markets
- c. choices that we make as we cope with scarcity
- d. choices made by households

Ans - c

In a free enterprise economy, which among the following are the determinants of Investment?

- a. Rate of interest
-

- b. Marginal efficiency of capital
- c. Both A and B
- d. None of the above

Ans - c

.....

..... unemployment may result when some workers are temporarily out of work while changing job.

- a. Seasonal
- b. Frictional
- c. Disguised
- d. Technical

Ans - b

.....

Balance of Payment on capital account includes (i) Balances of private direct investments, (ii) Private portfolio investments, (iii) Government loans to foreign governments

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

Rearrange the steps of Maslow's Need Hierarchy Theory.

- A. Self - Actualisation Needs
- B. Physiological needs
- C. Belongingness and love needs
- D. Self - esteem needs
- E. Safety needs

- a. ABCDE
- b. ADCBE
- c. DCBEA
- d. ADCEB

Ans - d

.....

By using the monetary policy, RBI regulates the money supply, availability of money and also cost of money i.e. rate of interest. For this purpose, RBI makes use of no. of tools that include Repo Rate, Bank Rate, Reverse Repo Rate, MSF Rate, SLR, CRR, Market Stabilization scheme.

Based on this information answer the following question:

1. Which of the following ensures the solvency of commercial banks ?

- a. Statutory Liquidity Ratio
- b. Market Stabilization Scheme
- c. Cash Reverse Ratio
- d. Repo and Reverse repo transaction

Ans - a

2. Change in which of the following reduce the funds available with banks for lending purpose ?

- a. Repo rate
- b. Bank rate
- c. Cash reverse Ratio
- d. All the above

Ans - c

3. The rate of discount which is used by RBI for rediscounting of commercial instruments from banks is represented by

- a. Repo rate
- b. Bank rate
- c. MSF rate
- d. Reverse Repo rate

Ans - b

4. Which of the following is used in the process of neutralizing the effect generated by foreign exchange flows in india ?

- a. Statutory Liquidity Ratio
- b. Market Stabilization Scheme
- c. Cash Reverse Ratio
- d. Repo and Reverse repo transaction

Ans - b

Which of the following statements are true? (i) External analysis depends entirely on issued financial statements, (ii) Interpretation and analysis both are different, (iii) Financial analysis covers interpretation

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

A techniques uses to identify financial statements trends are included

- a. common size analysis
- b. percent change analysis
- c. returning ratios analysis
- d. Both A and B

Ans - d

Which of the following principle states that the assets are purchased for the use and not for resale purpose?

- a. Stable Currency principle
- b. Objectivity Principle
- c. Going-concern principle
- d. Cost Principle

Ans - c

Total assets divided common equity is a formula uses for calculating

- a. equity multiplier
- b. graphical multiplier
- c. turnover multiplier
- d. stock multiplier

Ans - a

.....
If the price of a good changes but everything else influencing suppliers' planned sales remains constant, there is a

- a. new supply curve that is to the right of the initial supply curve.
- b. new supply curve that is to the left of the initial supply curve.
- c. movement along the supply curve.
- d. rotation of the initial supply curve around the initial price.

Ans - c

.....

A decrease in quantity demanded caused by an increase in price is represented by a

- a. rightward shift of the demand curve
- b. leftward shift of the demand curve
- c. movement up and to the left along the demand curve
- d. movement down and to the right along the demand curve

Ans - c

.....

Interpretation of accounts is the (i) Art and science of translating the figures, (ii) To know financial strengths and weaknesses of a business, (iii) To know the causes for the prevailing performance of business

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

Profit margin = 4.5%, assets turnover = 2.2 times, equity multiplier = 2.7 times then return on assets will be

- a. 26.73%
- b. 26.73 times
- c. 9.40%
- d. 0.4 times

Ans - a

.....

Company marketing and selling current product aggressively is called (choose the wrong one) (i) market penetration, (ii) market development, (iii) product development

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

Match the following techniques of training with their correct description.

- 1. Tag Teams ----- A. Games to get team members know each other
- 2. Outward - bound training ----- B. Games to test ability to plan ahead
- 3. Mirroring ----- C. Training with an external perspective
- 4. Strategic planners ----- D. Adventure sports for teams
- 5. Ice breakers ----- E. one role played alternately by two participants

- a. 1-E,2-D,3-C,4-B,5-A
- b. 1-A,2-D,3-E,4-C,5-B
- c. 1-D,2-A,3-C,4-E,5-B
- d. 1-C,2-D,3-B,4-A,5-E

Ans - a

Talent Management automated end to end process involves (i) recruiting and hiring, (ii) managing employees, (iii) compensating employees

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

An underlying talent management components in software suites are (i) e-recruiting, (ii) e-training, (iii) performance reviews and rewards

- a. Only (i) and (ii)
 - b. Only (i) and (iii)
 - c. Only (ii) and (iii)
-

d. (i), (ii) and (iii)

Ans - d

Paired comparison method can be used by ,,,,,, (i) Superiors, (ii) Peers, (iii) Subordinates

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

In ABC approach which is used in formulating hypothesis, "C" stands for

- a. compensating
- b. communication
- c. counseling
- d. consequences

Ans - d

Cost push inflation occurs because of (i) Wage push, (ii) Profit push

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - d

For inferior commodities, income effect is

- a. Zero
- b. Negative
- c. Infinite
- d. Positive

Ans - b

'Infant industry argument' in international trade is given in support of

- a. Granting Protection
- b. Free trade
- c. Encouragement to export oriented small and tiny industries
- d. None of the above

Ans - a

.....

In which of the following market structure is the degree of control over the price of its product by a firm very large? (i) Imperfect competition, (ii) Perfect competition, (iii) Monopoly

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - a

.....

"Economics is a science" the basis of this statement is (i) Relation between cause and effect, (ii) Use of deductive method and inductive method for the formations of laws, (iii) Experiments

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

If regression analysis is used to estimate the linear relationship between the natural logarithm of the variable to be forecast and time, then the slope estimate is equal to

- a. the linear trend
- b. the natural logarithm of the rate of growth
- c. the natural logarithm of one plus the rate of growth
- d. the natural logarithm of the square root of the rate of growth

Ans - c

.....

.....

A leading indicator is a measure that usually (i) changes at the same time and in the same direction as the general economy, (ii) changes in the same direction as the general economy before the general economy changes

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - b

.....

A researcher divides the population of product users into three groups based on degree of use. If the researcher then draws a random sample from each user group independently, she has created a sample.

- a. random
- b. stratified
- c. judgment
- d. group data

Ans - b

.....

If we say mean of a population is 95% confident lying between 75 and 90, then it is called (i) Confidence interval, (ii) Confidence level

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - a

.....

Let the coefficient of determination computed to be 0.39 in a problem involving one independent variable and one dependent variable. This result means that

- a. The relationship between two variables is negative
- b. The correlation coefficient is 0.39 also
- c. 39% of the total variation is explained by the independent variable
- d. 39% of the total variation is explained by the dependent variable

Ans - c

.....

The Fiscal Responsibility and Budget Management Act (FRBM Act), a committee set up in January 2000, was headed by

- a. M Narasimham
- b. Dr. E A S Sarma
- c. Mr R Raghawan
- d. Mr A. K. Choudhary

Ans - b

The Finance Minister is required to keep the Parliament informed through on the implementation and to take corrective measures if the reviews show deviations.

- a. half yearly reviews
- b. annual reviews
- c. monthly reviews
- d. quarterly reviews

Ans - d

The central bank injects liquidity in to the banking system using Select the best option.

- a. CRR
- b. SLR
- c. Repo Rate
- d. Reverse Repo Rate

Ans - c

Ashwini purchased a bond with face value of Rs. 1000 and Coupon of 8% and maturity of 6 years. If YTM is increased by 1%, the change in price of bond would be.....

- a. 48.64
- b. 44.86
- c. 46.84
- d. 46.88

Ans - b

Explanation :

If YTM is 9%, then bond's price

$$= [80 \times (1.09^6 - 1) \div 0.09 + 1000] \div 1.09^6$$
$$= 955.14$$

So, change in price of the bond

$$= 1000 - 955.14$$
$$= \text{Rs. } 44.86 \text{ decrease}$$

(Since Coupon rate < YTM, so Bond's Value < FV)

Human development Index (HDI) is developed by

- a. RBI
- b. Central Bank
- c. World Bank
- d. SEBI

Ans - c

Pick the incorrect statement.

- a. IS curve is derived from the classical theory.
- b. Intersection of IS and LM curve determines both the interest and income.
- c. As income decreases, liquidity preference curve shifts outward and therefore the rate of interest rises.
- d. LM curve is derived from Keynes' liquidity preference theory of interest.

Ans - c

Which of the following is not correct regarding term loans by the banks?

- a. Asset liability matching is an important consideration in term financing
- b. Installment of term loan, payable within one year is considered as current liability
- c. Repayment of a term loan can be in equated monthly instalments
- d. Current ratio is the most important ratio in appraisal of a term loan

Ans - d

Which of the following is not correct regarding infrastructure project by the banks?

- a. Banks are allowed to funds promoters' equity in certain circumstances
- b. Exposure norms are relaxed by R B I

- c. Asset liability mismatch has been permitted by R B I
- d. I D F C provides liquidity support to banks

Ans - c

.....

A higher discount rate will lead to...

- a. A higher present value of the future cash flow
- b. Lower present value of the future cash flow
- c. No change in present value of the future cash flow
- d. No change

Ans - b

.....

A process by which present cash flow are converted into their future value is called.

- a. compounding
- b. discounting
- c. converting
- d. finding present value

Ans - a

.....

'As the output increases, the productivity per worker increases.' What relationship does it lead to?

- a. direct linear relationship
- b. curvilinear relationship
- c. inverse relationship
- d. none of the above

Ans - b

.....

What are sampling groups which are very similar within but dissimilar without are called?

- a. cluster
- b. stratified
- c. systematic
- d. random

Ans - b

.....

If the maturity of a bond is long into the future the interest rate is higher. Why?

- a. longer term maturity is more sensitive to price fluctuation than shorter term
- b. the attractiveness of longer terms related to interest only
- c. longer term bonds are generally issued by institutions of lesser rating
- d. longer term maturity is less sensitive to fluctuation than shorter term

Ans - a

What variation does moving average method eliminate ?

- a. seasonal
- b. Cyclical
- c. Irregular
- d. Secular trend

Ans - a

Pick odd man out:

- a. Rent
- b. Interest
- c. Wages
- d. Money

Ans - d

IS curve and Lm curve are related to (i) Demand, (ii) Income, (iii) Rate of interest

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

A D G P is issued by the bank for -----, by its client.

- a. Sale of goods
 - b. Purchase of goods
-

- c. Sale of capital goods
- d. Purchase of capital goods

Ans - d

.....

Which of the following is not a source of funds for meeting the cost of fixed assets by an enterprise?

- a. Credit by supplier of assets
- b. Internal accruals
- c. Debentures
- d. D P G

Ans - d

.....

Which of the following is not included under gross investment?

- a. purchase of new machinery
- b. purchase of software
- c. investments on financial products
- d. buying goods and services

Ans - c

.....

Which of the following does not include government spending?

- a. transfer payments like social security or unemployment benefits
- b. salaries of public servants
- c. purchase of weapons for the military
- d. None of these

Ans - a

.....

CPI measures prices at

- a. Wholesale Level
- b. Consumer Level
- c. Retail Level
- d. None of these

Ans – c

.....

.....
The moving average may constitute a satisfactory trend for a series that is of (i) linear duration, (ii) whose cycles are regular in duration

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - d
.....

Deflation is

- a. Deficit budget
- b. Reduction in taxation
- c. Contraction in volume of money or credit that results in a decline of price level
- d. Increase in public expenditure

Ans - c
.....

Demand means (i) The desire and willingness of an individual for all goods and services for his standard of living, (ii) The desire, ability and willingness of an individual to purchase goods and services at a given time and price

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - b
.....

Bank rate means

- a. Interest rate charged by money lenders
- b. Interest rate charged by the scheduled banks
- c. Rate of profit of the banking institution
- d. The official rate of interest charged by the central bank of the country

Ans - d
.....

The law of diminishing returns or increasing cost will operate at an earlier level, in agriculture than in industry because

- a. More mechanization is applicable to agriculture
- b. Agriculture is an industry where land is used extensively
- c. Less mechanization is applicable to agriculture.
- d. More labour is used in agriculture.

Ans - b

In the Keynes model, which is independent

- a. Investment
- b. Consumption
- c. National income
- d. Consumption and investment

Ans - a

How many motives for demanding money has been given by Keynes

- a. 1
- b. 2
- c. 3
- d. 4

Ans - c

Liquidity preference is the term, which is used to refer to

- a. The Reserve Bank of India's shareholdings in other financial institutions
- b. The extent to which investors prefer to keep their assets in money
- c. The community's preference for a gold-backed currency
- d. An inducement to save.

Ans - b

The utility may be defined as

- a. The power of a commodity to satisfy wants
-

- b. The desire for a commodity
- c. The usefulness of a commodity
- d. The necessity of a commodity

Ans - a

.....

Opportunity costs are also known as

- a. Spillover costs
- b. Alternative cost
- c. Social costs
- d. Money costs

Ans - b

.....

Which of the following pairs of commodities is an example of substitute

- a. Coffee and milk
- b. Mustard oil and coconut oil
- c. Diamond and cow
- d. Pen and ink

Ans - b

.....

For most customers apples and oranges are substitute goods. Therefore, we would expect a rise in the price of apples to lead to

- a. A rightward shift in the supply curve of oranges
- b. A leftward shift in the supply curve of oranges.
- c. A fall in the price of oranges
- d. An upward change in the demand curve of oranges.

Ans - d

.....

A change in climate, conditions resulting in hot weather, price remaining the same, would cause a consumer of cold drinks

- a. To move to a lower curve
 - b. To move lower down the demand curve
 - c. To move to a higher demand curve
-

d. To move up the same demand curve

Ans - c

Inflation means

- a. Increase in price
- b. Decrease in value of money
- c. Boom
- d. All of the above

Ans - b

The problem of unemployment in rural areas is mainly due to

- a. Seasonal and under employment
- b. Frictional unemployment
- c. Structural unemployment
- d. Technical unemployment

Ans - a

When an individual's income falls (while everything else remains the same) his demand for an inferior goods

- a. Increase
- b. Remaining unchanged
- c. We cannot say without additional information
- d. Decrease

Ans - a

Which one of the following cannot be influenced by budgetary policy?

- a. Power of private monopolies
- b. Balance of trade
- c. General level of prices
- d. Regional distribution of employment

Ans - a

Which is not correct? (i) An "increase of demand" is not the same thing as an "extension of demand", (ii) An "increase of demand is the same thing as an "extension of demand", (iii) An increase of demand is just equal to the extension of demand

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

Bank loans up to a limit of Rs. 15 crore to borrowers for purposes like will be eligible for categorization as priority sector. (i) solar based power generators, (ii) wind mills, (iii) micro-hydel plants

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

Loans not exceeding Rs. 50,000/- per borrower provided directly by banks to individuals and their SHG/JLG will be eligible to be considered for priority sector, provided the individual borrower's household annual income in rural areas does not exceed

- a. Rs. 60,000
- b. Rs. 1,00,000
- c. Rs. 1,20,000
- d. Rs. 1,60,000

Ans - b

A population characteristic, such as a population mean, is called

- a. a statistic
- b. a parameter
- c. a sample
- d. the mean deviation

Ans - b

Loans not exceeding Rs. 50,000/- per borrower provided directly by banks to individuals and their SHG/JLG will be eligible to be considered for priority sector, provided the individual borrower's household annual income in non-rural areas does not exceed

- a. Rs. 60,000
- b. Rs. 1,00,000
- c. Rs. 1,20,000
- d. Rs. 1,60,000

Ans - d

Loans to distressed persons (other than farmers) not exceeding per borrower to prepay their debt to non-institutional lenders will be eligible to be considered for priority sector.

- a. Rs. 60,000
- b. Rs. 1,00,000
- c. Rs. 1,20,000
- d. Rs. 1,60,000

Ans - b

Overdrafts extended by banks upto Rs. 5,000/- in Pradhan Mantri Jan-Dhan Yojana (PMJDY) accounts will be eligible for classification under priority sector advances, provided the borrower's household annual income does not exceed for rural areas.

- a. Rs. 60,000
- b. Rs. 1,00,000
- c. Rs. 1,20,000
- d. Rs. 1,60,000

Ans - a

Micro or Small Enterprise may be said to have become Sick, if (i) any of the borrowal account of the enterprise remains NPA for three months or more, (ii) there is erosion in the net worth due to accumulated losses to the extent of 25% of its net worth during the previous accounting year, (iii) there is erosion in the net worth due to accumulated losses to the extent of 50% of its net worth during the previous accounting year

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)

d. (i), (ii) and (iii)

Ans - b

Overdrafts extended by banks upto Rs. 5,000/- in Pradhan Mantri Jan-Dhan Yojana (PMJDY) accounts will be eligible for classification under priority sector advances, provided the borrower's household annual income does not exceed for non-rural areas.

- a. Rs. 60,000
- b. Rs. 1,00,000
- c. Rs. 1,20,000
- d. Rs. 1,60,000

Ans - c

Banks are mandated not to accept collateral security in the case of loans up to extended to units in the MSE sector.

- a. Rs.5 lakh
- b. Rs.10 lakh
- c. Rs.15 lakh
- d. Rs.20 lakh

Ans - b

Ceiling on the loan under Credit Linked Capital Subsidy Scheme (CLSS) for Technology Upgradation of Micro and Small Enterprises is

- a. Rs.10 lakh
- b. Rs.25 lakh
- c. Rs.50 lakh
- d. Rs.100 lakh

Ans - d

The rate of subsidy under Credit Linked Capital Subsidy Scheme (CLSS) for loan upto Rs.1 crore is

- a. 10 %
 - b. 15 %
 - c. 20 %
-

d. 25 %

Ans - b

Find the interest rate. Present Value is Rupees 100. Future Value becomes 115.76 in 3 years.

- a. 4.5 %
- b. 5 %
- c. 5.5 %
- d. 6 %

Ans - b

Solution

$$\begin{aligned} \text{FV} &= 115.76 \\ \text{PV} &= 100 \\ \text{N} &= 3 \\ \text{FV} &= \text{PV}(1+r)^n \\ 115.76 &= 100 \times (1+R)^3 \\ (1+R)^3 &= 1.1576 \\ r &= 0.0499 \\ &= 0.05 \\ &= 5\% \end{aligned}$$

If I take a loan of Rupees 8,000 and repay Rupees 225 per month, for 4 years, what is the effective annual rate on the loan?

- a. 15.3 %
- b. 15.8 %
- c. 16.3 %
- d. 16.8 %

Ans - d

Solution

$$\begin{aligned} \text{EMI} &= 225 \\ t &= 4 \text{ years} \times 12 = 48 \text{ month} \\ &= 225 \times 48 \\ &= 10800 - 8000 \\ &= 2800 \text{ which is interest paid for 4 yrs i.e. 48 month} \\ \text{Hence } &2800/8000 \times 48 \end{aligned}$$

.....
=0.35*48
=16.8%

.....
The Hawthorne Studies were carried out by Elton Mayo and others at

- a. Columbia University
- b. Cambridge University
- c. Western Electrical Company
- d. Coca Cola

Ans - c
.....

The Term Personnel officer was first used in India in

- a. Paper Mills
- b. Textile Mills
- c. Sugar Mills
- d. Chemical and Pharmaceuticals Industries

Ans - d
.....

Pareek and Rao have identified Critical attributes for HR Managers

- a. 20
- b. 19
- c. 21
- d. 22

Ans - d
.....

What does "E", "R" and "G" stand for in the ERG theory?

- a. Export, Risk and Guarantee
- b. Exponential, Reliability and Growth
- c. Existence, Relatedness and Growth
- d. None of the above

Ans - c
.....
.....

Transfer of learning to workplace take place at which level of evaluation of training ?

- a. Reaction Level
- b. Learning Level
- c. The behavior level
- d. Function level

Ans - c

Which label can be applied for the purpose of facilitating communication, in learning for growth of the individual not related to a specific present or future job ?

- a. Training
- b. Education
- c. Development
- d. None of the above

Ans - c

Who was an early advocate of "Division of labour"?

- a. Fredrick tylor
- b. Charles Babbage
- c. Elton Mayo
- d. Robert Owen

Ans - b

Inventory norms for various industries was prescribed by ?

- a. Narshimman committee
- b. Raghwan committee
- c. Tandon committee
- d. Chakraborty committee

Ans - c

.....
A company has total assets at 1,50,000 and its total liabilities are 50,000. Based on the accounting equation, we can assume the total equity is 1,00,000. Find the Debt Ratio.

- a. 0.33
- b. 0.5
- c. 0.67
- d. 0.75

Ans - a

Solution :

$$\begin{aligned} \text{DR} &= \text{TL} / \text{TA} \\ &= 50000 / 150000 \\ &= 0.33 \end{aligned}$$

.....
Seela's Tech Company is a tech start up company that manufactures a new tablet computer. Seela is currently looking for new investors and has a meeting with an angel investor. The investor wants to know how well Seela uses her assets to produce sales, so he asks for her financial statements. Here is what the financial statements reported:

Beginning Assets: 50,000
Ending Assets: 1,00,000
Net Sales: 25,000

The total asset turnover ratio is

- a. 0.33
- b. 0.5
- c. 0.67
- d. 0.75

Ans - a

Solution :

$$\begin{aligned} \text{Asset Turnover Ratio or Total Asset Turnover Ratio} &= \text{Net Sales} / \text{Average Total Assets} \\ &= 25000 / ((50000+100000)/2) \\ &= 25000 / (150000/2) \\ &= 25000 / 75000 \\ &= 0.33 \end{aligned}$$

As you can see, seela's ratio is only 0.33. This means that for every Rupee in assets, seela only generates 33 Paise. In other words, Seela's start up is not very efficient with its use of assets.

Which of the following is not the layer in data warehouse architecture?

- a. External database layer
- b. Metadata layer
- c. Data staging layer
- d. None of these

Ans - d

Which of the following is the approach that a data mining tool uses?

- a. Association
- b. Classification
- c. Clustering
- d. All of the above

Ans - d

If A invests Rupees 100 at 7% interest rate for 3 years, what will be the value at the end of 3 years?

- a. 125.20
- b. 122.50
- c. 152.50
- d. 120.50

Ans - b

In MICR Code how many digits are available?

- a. 13
- b. 11
- c. 10
- d. 9

Ans - d

A loan for which only interest is paid during its repayment period while the principal is repaid at the end is called

- a. Term loan
-

- b. Interest demand loan
- c. Lumpsum payment loans
- d. Balloon repayment loan

Ans - d

.....

A 5-year Govt. bond with a coupon rate of 8% has a face value of 1000. What is the annual interest payment?

- A. 80
- B. 40
- C. 100
- D. None of the above

Ans - a

.....

Which of the following is Capitalistic Economy?

- a. England
- b. China
- c. India
- d. None of these

Ans - a

.....

Who gave welfare theory of economics?

- a. Alfred Marshall
- b. Lionel Robbins
- c. Adam Smith
- d. None of these

Ans - a

.....

Economic Sector reforms were started in India in

- a. 1983
 - b. 1985
 - c. 1991
 - d. 1981
-

Ans - c

You are receiving Rs. 10000 every year for the next 5 years (at the end of the period) and you invest each payment @ 5%. How much you would have at the end of the 5-year period?

- a. 55526
- b. 55652
- c. 55265
- d. 55256

Ans - d

Explanation :

Here,

P = 10000

R = 5% p.a.

T = 5 yrs

If invested at the end,

$$FV = P / R * [(1+R)^T - 1]$$

$$FV = 10000 \times (1.05^5 - 1) \div 0.05$$
$$= 55256$$

In phase of business cycle, unemployment will be widespread.

- a. Recession
- b. Depression
- c. Recovery
- d. Boom

Ans - a

Factors of production are categorized into categories.

- a. 2
- b. 3
- c. 4
- d. 5

Ans - c

Demand Schedule is the

- a. Relationship between demand and quantity bought
- b. Relationship between price and quantity bought
- c. Relationship between price and demand
- d. None of these

Ans - b

.....

A market equilibrium comes at the price at which quantity demanded equals to quantity

- a. Produced
- b. Supplied
- c. in Inventory
- d. in Stock

Ans - b

.....

The central limit theorem assures us that the sampling distribution of the mean

- a. Is always normal
- b. Is always normal for large sample sizes
- c. Approaches normality as sample size increases
- d. Appears normal only when N is greater than 1,000

Ans – b

.....

A quarterly repayments of a loan carry an interest rate of 8 % per annum. What is the effective annual interest rate?

- a. 8.4 %
- b. 8.2 %
- c. 8.3 %
- d. 8.5 %

Ans - b

Solution :

$$\begin{aligned} \text{EAR } i &= (1 + r/m)^m - 1 \\ &= (1+8/4)^4 - 1 = 8.2 \end{aligned}$$

.....

Given,

Corporation tax	- Rs. 1000 Crores
Income tax	- Rs. 800 Crores
Other taxes and duties	- RS. 600 Crores
Customs	- RS. 800 Crores
Union exercise tax	- Rs. 600 Crores
Service tax	- Rs. 500 Crores
Tax of union territories	- Rs. 300 Crores
Interst receipt	- Rs. 500 Crores
Devident & profit	- Rs. 700 Crores
External grant	- Rs. 300 Crores
Other non tax revenue	- Rs. 1000 Crores
State Share	- Rs. 600 Crores
Receipt of union territories	- Rs. 800 Crores
Trf to NCCD (National calamity Contingency fund)	- Rs. 300 Crores

calculate Net Tax revenue ...

- a. Rs 2900 Crores
- b. Rs 3700 Crores
- c. Rs 4000 Crores
- d. Rs 4600 Crores

Ans - b

Solution :

Net Tax Revenue = Gross tax revenue - NCCD transferred to the National Calamity Contingency fund - state share

Gross Tax revenue = Corporation Tax + Income tax + other tax & duties + costoms + union excise duties + service Tax + taxes on union territories
= 1000+800+600+800+600+500+300
= 4600 Crores

Net Tax Revenue = Gross tax revenue - NCCD transferred to the National Calamity Contingency fund - state share
= 4600-300-600
= 3700 Crores

Seasonal variation is...

- a. Repetitive
- b. Predictable
- c. Both a and b
- d. None of the above

Ans - c

The probability that we associate with an interval estimate is called ...

- a. Estimate level
- b. Confidence Level
- c. Probability Level
- d. None of the above

Ans - b

When chicken prices rise 30%, the quantity of KFC fried chicken supplied rises by 15%. Calculate the price elasticity of supply.

- a. 0.50
- b. 0.65
- c. 0.75
- d. 0.85

Ans - a

Solution :

$$\text{Price Elasticity of Supply} = (\% \text{ change in quantity supplied}) / (\% \text{ change in price}) \\ = 15/30 = 0.5$$

In Random Sampling, we pick up one, we note it down, put it back with the remaining and pick the next one. This is called...

- a. Sampling with replacement
- b. Simple random sampling
- c. Sampling without replacement
- d. None of the above

Ans – a

The cabin of a bank branch manager gives an untidy look and messy appearance. His table is full of papers. He is exhibiting (i) type A behavior, (ii) type B behavior

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Neither (i) nor (ii)

Ans - a

The study of ups and downs in economics is

- a. Monetary policy
- b. Fiscal policy
- c. Business Cycle
- d. None

Ans - c

Which one of the following actions should a manager take if he or she wants to decrease the operating cycle?

- a. decrease the period of time for which credit is granted to customers
- a. b.. decrease the rate at which the average inventory is sold
- b. delay payments to suppliers to decrease the cash cycle
- c. increase the inventory level while maintaining constant sales

Ans - a

Population of a town is 100000. The rate of change is 4% p.a. what it will be after 5 years?

- a. 112665
- b. 116265
- c. 126615
- d. 121665

Ans - d

Explanation :

Here,

$P = 100000$, $R = 4\%$, $T = 5$ yrs

.....

$$FV = P*(1+R)^T$$
$$FV = 10000*(1+0.04)^5$$
$$= 121665$$

.....

As you set tighter confidence interval, you would get to a ... level

- a. higher
- b. lower
- c. either higher or lower
- d. none of the above

Ans - b

.....

Pick odd man out

- a. Securities issued against Small Savings
- b. Recoveries of Loans & Advances
- c. State Provident Funds
- d. Other Receipts

Ans - b

.....

Personal Consumption expenditure on households divided into;

- a. Durable goods
- b. Non-durable goods
- c. Services
- d. All of the above

Ans - d

.....

Market Price is the for which goods or service is offered at the market place.

- a. Nominal Price
- b. Economic Price
- c. Marginal Price
- d. Deficit Price

Ans - b

.....

.....

Govind's Furniture Company sells industrial furniture for office buildings. During the current year, it reported cost of goods sold on its income statement of 10,00,000. Govind's beginning inventory was 30,00,000 and its ending inventory was 40,00,000. Govind's turnover is times.

- a. 0.25
- b. 0.29
- c. 0.33
- d. 0.37

Ans - b

Solution :

$$\begin{aligned}\text{Inventory Turnover Ratio} &= \text{Cost of Goods Sold} / \text{Average Inventory} \\ &= 1000000 / ((3000000+4000000)/2) \\ &= 1000000 / (7000000/2) \\ &= 1000000 / 3500000 \\ &= 0.29 \text{ Times}\end{aligned}$$

This means that Govind only sold roughly a third of its inventory during the year. It also implies that it would take Govind approximately 3 years to sell his entire inventory or complete one turn. In other words, Govind does not have very good inventory control.

Raju's Furniture Company sells industrial furniture for office buildings. During the current year, Raju reported cost of goods sold on its income statement of 25,00,000. Raju's beginning inventory was 40,00,000 and its ending inventory was 60,00,000. Calculate Raju's Furniture Company's Inventory Turnover Ratio.

- a. 0.25
- b. 0.33
- c. 0.5
- d. 0.67

Ans - c

Solution :

$$\begin{aligned}\text{Inventory Turnover Ratio} &= \text{Cost of goods sold} / \text{Average inventory for that period} \\ &= 2500000 / ((4000000 + 6000000)/2) \\ &= 2500000 / 5000000 \\ &= 0.5\end{aligned}$$

.....
You will be receiving Rs. 204000 at the end of each year for the next 20 years. If the current discount rate for such a stream of cash flow is 10%, find the present value of cash flow.

- a. 1737760
- b. 1736660
- c. 1736770
- d. 1737660

Ans - c

Explanation :

Here,

$$P = 204000$$

$$R = 10$$

$$T = 20$$

$$PV = P / R * [(1+R)^T - 1] / (1+R)^T$$

$$PV = 1736770$$

.....

Money Supply refers to

- a. The amount of money in banks
- b. The amount of money with the people
- c. The amount of money in circulation in an economy
- d. None of these

Ans - c

.....

The central limit theorem

- a. Requires some knowledge of the frequency distribution
- b. Permits us to use sample statistics to make inferences about population parameters
- c. Relates the shape of a sampling distribution of the mean to the man of the sample
- d. Requires a sample to contain fewer than 30 observations

Ans - b

.....

Find Coefficient of Variance for the values given : {13,35,56,35,77}

- a. 0.4156
 - b. 0.5164
-

- c. 0.5614
d. 0.6514

Ans - c

Explanation :

Number of terms (N) = 5

Mean:

$$\begin{aligned} \bar{X} &= (13+35+56+35+77)/5 \\ &= 216/5 \\ &= 43.2 \end{aligned}$$

Standard Deviation (SD):

Formula to find SD is

$$\begin{aligned} \sigma_x &= \sqrt{(1/(N - 1) * ((x_1 - \bar{x})^2 + (x_2 - \bar{x})^2 + \dots + (x_n - \bar{x})^2))} \\ &= \sqrt{(1/(5-1)((13-43.2)^2 + (35-43.2)^2 + (56-43.2)^2 + (35-43.2)^2 + (77-43.2)^2)} \\ &= \sqrt{(1/4((-30.2)^2 + (-8.2)^2 + (12.9)^2 + (-8.2)^2 + (33.8)^2)} \\ &= \sqrt{(1/4((912.04) + (67.24) + (163.84) + (67.24) + (1142.44)))} \\ &= \sqrt{(588.2)} \\ &= 24.2528 \end{aligned}$$

Coefficient of variation (CV)

$$\begin{aligned} CV &= \text{Standard Deviation} / \text{Mean} \\ &= 24.2528/43.2 \\ &= 0.5614 \end{aligned}$$

Hence the required Coefficient of Variation is 0.5614

In random sampling, we can describe mathematically how objective our estimates are. Why is this? (i) We always know the chance that any population element will be included in the sample, (ii) Every sample always has an equal chance of being selected, (iii) All the samples are exactly the same size and can be counted

- a. Only (i) and (ii)
b. Only (i) and (iii)
c. Only (ii) and (iii)
d. (i), (ii) and (iii)

Ans - a

Which of the following entity does not determine the exchange?

- a. Government
- b. Market
- b. RBI
- c. Minister of foreign affairs

Ans - b

In linear programming, most popular non-graphical procedure is classified as

- a. linear procedure
- b. non-graphical procedure
- c. graphical procedure
- d. simplex method

Ans - d

Most effective behavior, human relations and performance comes from

- a. Parent ego state
- b. Child ego state
- c. Adult ego state
- d. Either parent ego state or adult ego state

Ans - c

Which is not relate Emotional Intelligence, Pick odd one

- a. Self motivation
- b. Self regulation
- c. Emotion
- d. Empathy

Ans - c

In linear programming, term which states value of objective function improvement is classified as

- a. stated function
 - b. improvement function
-

- c. better programmed
- d. best

Ans - c

Non basic variable which is used to replace basic variable is variable which has

- a. most positive column
- b. most negative column
- c. most negative row
- d. most positive row

Ans - c

In linear programming problems, set of basic variables which are appeared in linear problem consists of

- a. slack and real variables
- b. slack and artificial variables
- c. departing basic variable
- d. departing non basic variable

Ans - b

Small and Medium Enterprises sector contributing growth of Indian economy

- a. 17%
- b. 45%
- c. 19%
- d. 64%

Ans - b

The Fiscal Responsibility and Budget Management (FRBM) Act aimed for

1. Eliminating both revenue deficit and fiscal deficit
 2. Giving flexibility to RBI for inflation management
- 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

Ans - b

.....

Service sector contribute to the indian economy

- a. 19%
- b. 64%
- c. 17%
- d. 45%

Ans - b

.....

All banks are mandated to lend to priority sector. Which of the following would come under Priority Sector Lending (PSL) ?

- 1. loans to corporations
- 2. loans to Self Help Groups
- 3. loans to small and marginal farmers
- 4. loans to state government

Select the correct answer using the codes given below.

- a. 1 and 2 only
- b. 1 and 3 only
- c. 2 and 3 only
- d. 2,3 and 4 only

Ans - c

.....

If indirect taxes in an economy are increased, then which of the following can occur ?

- 1. GDP at factor cost increases
- 2. GDP at factor cost decreases
- 3. GDP at market price increases
- 4. GDP at market price decreases

Select the correct answer using the codes given below.

- a. 1 only
 - b. 2 and 3 only
 - c. 3 only
-

d. 4 only

Ans - c

Consider the following statements about Index of Industrial Production (IIP)

1. It is released monthly by Central Statistical Organisation (CSO)
2. It shows the volume of industrial activity.

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

Ans - a

An economy pursuing an expansionary fiscal policy can witness :

1. increase in fiscal deficit
2. increase in wages of labour
3. increase in rate of income tax

Select the correct answer using the codes given below.

- a. 1 only
- b. 1 and 2 only
- c. 1 and 3 only
- d. 1,2 and 3

Ans - a

Per Capita Income is obtained by dividing National Income By

- a. Total population of the country
- b. Total Working population
- c. Area of the country
- d. Volume of the capital used

Ans - a

Which of the following is (are) the HRD score card? (i) HRD systems maturity score, (ii) Competency score, (iii) HRD competencies systems maturity score

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

When effort to earn additional income through a second job does not bear fruit, such type of efforts & the consequent results may be called as

- a. Red moon lighting
- b. Blue moon lighting
- c. Yellow moon lighting
- d. Silver moon lighting

Ans - b

Assistance to top level management for strategic plans is provided by

- a. transactional HR group
- b. corporate HR group
- c. embedded HR group
- d. center of expertise

Ans - b

Stephen Knauf defined HRA as "the measurement & of Human organisational inputs such as recruitment, training experience & commitment

- a. Qualification
- b. Accounting
- c. Development
- d. None of the above

Ans - a

The current ratio is 2 : 1. State giving reasons which of the following transactions would improve, reduce and not change the current ratio:

1. Payment of current liability

- a. Improve
- b. Reduce
- c. No change
- d. None of the above

2. Purchased goods on credit

- a. Improve
- b. Reduce
- c. No change
- d. None of the above

3. Sale of a Computer (Book value: Rs. 4,000) for Rs. 3,000 only

- a. Improve
- b. Reduce
- c. No change
- d. None of the above

4. Sale of merchandise (goods) costing Rs. 10,000 for Rs. 11,000

- a. Improve
- b. Reduce
- c. No change
- d. None of the above

5. Payment of dividend.

- a. Improve
- b. Reduce
- c. No change
- d. None of the above

Solution:

The given current ratio is 2 : 1. Let us assume that current assets are Rs. 50,000 and current liabilities are Rs. 25,000; Thus, the current ratio is 2 : 1. Now we will analyse the effect of given transactions on current ratio.

1. a

Assume that Rs. 10,000 of creditors is paid by cheque.

This will reduce the current assets to Rs. 40,000 and current liabilities to Rs. 15,000.

The new ratio will be 2.67 : 1 (Rs. 40,000/Rs.15,000).

Hence, it has improved.

2. b

Assume that goods of Rs. 10,000 are purchased on credit.

This will increase the current assets to Rs. 60,000 and current liabilities to Rs. 35,000.

The new ratio will be 1.7:1 (Rs. 60,000/Rs. 35,000).

Hence, it has reduced.

3. a

Due to sale of a computer (a fixed asset) the current assets will increase to Rs. 53,000 without any change in the current liabilities.

The new ratio will be 2.12 : 1 (Rs. 53,000/Rs. 25,000).

Hence, it has improved.

4. a

This transaction will decrease the inventories by Rs. 10,000 and increase the cash by Rs. 11,000 thereby increasing the current assets by Rs. 1,000 without any change in the current liabilities.

The new ratio will be 2.04 : 1 (Rs. 51,000/Rs. 25,000).

Hence, it has improved.

5. b

Assume that Rs. 5,000 is given by way of dividend.

It will reduce the current assets to Rs. 45,000 without any change in the current liabilities.

The new ratio will be 1.8 : 1 (Rs. 45,000/Rs. 25,000).

Hence, it has reduced.

.....
The three types of forecasts are

a. Economic, employee market, company's sales expansion

b. Long, Short, Medium

c. Production, economic, company's sales expansion

d. Production, labor, economic

Ans - a
.....

Match the following

Question Correct option

- A. The monitoring stage 1. The firm identifies and confirms the overall business direction.
B. The clarification stage 2. Investment on the human capital and the value placed by employees on this investment.
C. The assessment stage 3. The firm checks the new system against strategy.
D. The design stage 4. The firm plans the proposed changes into practice.

The correct order is

- a. A-3, B-1, C-2, D-4
b. A-3, B-1, C-4, D-2
c. A-1, B-3, C-2, D-4
d. A-3, B-2, C-1, D-4

Ans - a

Changing and updating benefit plans is performed by

- a. Corporate HR group
b. Center of expertise
c. Transactional HR group
d. Embedded HR unit

Ans - c

The process of the feedback is made up of phases.

- a. 4
b. 5
c. 6
d. 7

Ans - b

Recruiting employees, selecting right one for job and giving them training leads to

- a. organizing
b. controlling
c. Staffing
-

d. Leading

Ans - c

.....

Which among the following is NOT correct?

- a. Floating exchange rate system works on the market mechanism
- b. Floating exchange rate breeds uncertainties and speculation
- c. Economic and political factors and value judgments influence the choice of the exchange rate system
- d. The system of floating exchange rate requires comprehensive government intervention

Ans - d

.....

A normal good is a good for which

- a. there are very few complements
- b. demand increases when income increases
- c. there are few substitutes
- d. demand decreases when income increases

Ans - b

.....

A company's HR department can create an advisory relationship through

- a. line authority
- b. staff authority
- c. hiring authority
- d. all of above

Ans - b

.....

Directing staff activities in related areas is part of

- a. Staff function
- b. Coordinative functions
- c. Line function
- d. Both A and B

Ans - c

.....

From the following balance sheet of ABC Co. Ltd. as on March 31, 2017. Calculate

I. Equity and Liabilities - 25,00,000

1. Shareholders' funds

- a) Share capital 12,00,000
- b) Reserves and surplus 2,00,000
- c) Money received against share warrants 1,00,000

2. Non-current Liabilities

- a) Long-term borrowings 4,00,000
- b) Other long-term liabilities 40,000
- c) Long-term provisions 60,000

3. Current Liabilities

- a) Short-term borrowings 2,00,000
- b) Trade payables 1,00,000
- c) Other current liabilities 50,000
- d) Short-term provisions 1,50,000

II. Assets - 25,00,000

1. Non-Current Assets

- a) Fixed assets 15,00,000
- b) Non-current investments 2,00,000
- c) Long-term loans and advances 1,00,000

2. Current Assets

- a) Current investments 1,50,000
- b) Inventories 1,50,000
- c) Trade receivables 1,00,000
- d) Cash and cash equivalents 2,50,000
- e) Short-term loans and advances 50,000

1. Current assets

- a. Rs. 2,00,000
- b. Rs. 5,00,000
- c. Rs. 7,00,000
- d. Rs. 15,00,000

2. Current liabilities

- a. Rs. 2,00,000
-

- b. Rs. 5,00,000
- c. Rs. 7,00,000
- d. Rs. 15,00,000

3. Working Capital

- a. Rs. 2,00,000
- b. Rs. 5,00,000
- c. Rs. 7,00,000
- d. Rs. 15,00,000

4. Debt

- a. Rs. 2,00,000
- b. Rs. 5,00,000
- c. Rs. 7,00,000
- d. Rs. 15,00,000

5. Equity

- a. Rs. 2,00,000
- b. Rs. 5,00,000
- c. Rs. 7,00,000
- d. Rs. 15,00,000

6. Debt equity ratio

- a. 1 : 0.33
- b. 1 : 0.5
- c. 0.33 : 1
- d. 0.5 : 1

Solution:

1. c

Current assets = Current investments + Inventories + Trade receivables + Cash and cash equivalents + Short-term loans and advances
= 1,50,000 + 1,50,000 + 1,00,000 + 2,50,000 + 50,000
= 7,00,000

2. b

Current Liabilities = Short-term borrowings + Trade payables + Other current liabilities + Short-term provisions
= 2,00,000 + 1,00,000 + 50,000 + 1,50,000 = 5,00,000

3. a

Working Capital = Current assets – Current liabilities
= Rs. 7,00,000 – Rs. 5,00,000
= Rs. 2,00,000

4. b

Debt = Long-term borrowings + Other long-term liabilities + Long-term provisions
= Rs. 4,00,000 + Rs. 40,000 + Rs. 60,000
= Rs. 5,00,000

5. d

Equity = Share capital + Reserves and surplus + Money received against share warrants
= Rs. 12,00,000 + Rs. 2,00,000 + Rs. 1,00,000
= Rs. 15,00,000

Alternatively,

Equity = Non-current assets + Working capital – Non-current liabilities
= Rs. 18,00,000 + Rs. 2,00,000 – Rs. 5,00,000
= Rs. 15,00,000

6.

Debt-Equity Ratio = Debts / Equity
= 50,0000 / 1,50,0000
= 0.33 : 1

A company can create 'superior-subordinate' relationship through

- a. line authority
- b. hiring authority
- c. staff authority
- d. all of above

Ans - a

During the lay off period, the employer has to pay of the basic wages.

- a. One fourth
- b. Half
- c. Three fourth
- d. One third

Ans - b

One who assists other managers in HR functions of management process is

- a. line manager
- b. First line supervisor
- c. staff manager
- d. all of above

Ans - c

The following are the factors which come under ' Work planning' that is component systems of HRD. (i) Contextual analysis, (ii) Role analysis, (iii) Performance appraisal

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

..... involves a one to one discussion between the participant and administrator.

- a. Counselling
- b. Training
- c. Motivation
- d. All of the above

Ans - a

Counseling and compensation of employees is part of

- a. Staffing
- b. Controlling
- c. Leading
- d. Organizing

Ans - a

..... is the simple act of comparison & learning for organisational improvement

- a. Benchmarking
-

- b. Feedback
- c. Ranking
- d. Job evaluation

Ans - a

.....

Under training and development plan, the form is to be prepared in form.

- a. Duplicate
- b. Structured
- c. Detailed
- d. None of the above

Ans - a

.....

The following is (are) the option(s) while planning for surplus. (i) Reassign the jobs, (ii) Redesign the jobs, (iii) Reduce work hours

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

The following are the key factors of the new economic policy. (i) Privatization, (ii) Market friendly state, (iii) Liberalisation

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

The following system is simple, less expensive and less time consuming.

- a. Paired comparison
 - b. Confidential report system
 - c. Ranking
-

d. Checklist method

Ans - c

.....

Ensuring implementation of HR policies by line managers is part of

- a. Line functions
- b. Coordinative functions
- c. Staff functions
- d. all of above

Ans - b

.....

..... system stresses on discipline and there is simplicity in the form.

- a. Merit rating
- b. Point rating
- c. Both 'a' and 'b'
- d. None of the above

Ans - a

.....

Human capital refers to

- a. education of firm's workers
- b. training of firm's workers
- c. skills and expertise of firm's workers
- d. all of above

Ans - d

.....

An assistance needs to manage localized human resources which are provided by

- a. Transactional HR group
- b. Embedded HR group
- c. Corporate HR group
- d. Centers of expertise

Ans - b

.....

Which of the following means an Economic Activity?

- a. Production of goods
- b. Production of services
- c. Consumption of goods
- d. All of the above

Ans - d

.....

When we study why saving rates are high or low, we are studying

- a. Micro Economics
- b. Macro Economics
- c. Both Micro & Macro Economics
- d. None of the above

Ans - b

.....

Which of the following statement would you consider to be a normative one?

- a. Faster economic growth should result if an economy a higher level of investment.
- b. Changing the level of interest rates is a better way of managing the economy than using taxation & govt expenditure.
- c. Higher levels of unemployment will lead to higher levels of inflation
- d. The average level of growth in the economy was faster in the 1990s than the 1980s.

Ans - b

.....

Find the correct match.

- a. An enquiry into the nature & causes of the wealth of the nation: Prof A. C. Pigou.
- b. Science which deals with wealth: Prof Alfred Marshall
- c. Economics is the science which studies human behaviour as a relationship between ends & scarce means which have alternative uses: Prof Robbins.
- d. The range of our enquiry becomes restricted to that part of social welfare that can be brought directly or indirectly into relation with the measuring rod of money: Prof. Adam Smith.

Ans - c

.....

An economy achieves 'Productive efficiency' when

- a. All resources are utilised & goods services are produced at least cost
- b. The best quality goods are produced
- c. The highly skillful resources in the country are fully employed
- d. None of the above

Ans - a

.....

The Law of Scarcity

- a. Does not apply to rich, developed countries.
- b. Applies only to the less developed countries.
- c. Implies, that consumers wants will be satisfied in a socialistic system.
- d. Implies that consumers wants will never be completely satisfied.

Ans - d

.....

Which one is not true?

- a. Supply curve is affected by production cost
- b. Supply curve affected by Government Policy
- c. Production cost is affected by Technological achievement
- d. Supply is not affected by prices of connected commodity

Ans - d

.....

Demand is the

- a. Limited and unlimited wants of consumers.
- b. Willingness to pay for a good.
- c. Ability to pay for a good.
- d. Entire relationship between the quantity demanded and the price of a good.

Ans - d

.....

At a point of saturation for a commodity, the marginal utility is

- a. Positive
 - b. Negative
-

- c. Zero
- d. None of the above

Ans - b

.....

Micro economics is also known as

- a. Product theory
- b. Price theory
- c. Process theory
- d. Projection theory

Ans - b

.....

Problem of inflation, unemployment, illiteracy etc., are studied Under _____ economics.

- a. Wealth
- b. Micro
- c. Macro
- d. Monetary

Ans - c

.....

Which of the following is the best general definition of the study of economics?

- a. Inflation & unemployment in a growing economy.
- b. Business decision making under foreign competition.
- c. Individual & social choice in the face of scarcity.
- d. The best way to invest in the stock market.

Ans - c

.....

When productivity increases

- a. Prices rise
- b. Standard of living improves
- c. There are fewer good jobs
- d. None of the above

Ans - b

.....

5 rupee increase in price of commodity 'X' causes quantity to decrease by 20 units. Elasticity of demand is

- a. 5
- b. 20
- c. 4
- d. Nothing can be concluded

Ans - d

.....

The task of economic science is to

- a. Save the earth from the overuse of natural resources
- b. Help us to understand how the economic world works
- c. Tell us what is good for us
- d. None of the above

Ans - b

.....

Macro economics is also called economics.

- a. Experimental
- b. Aggregate
- c. Applied
- d. None of the above

Ans - b

.....

To a layman, investment means putting his money in a financial asset like bonds, fixed deposit etc. What does it mean to an economist

- a. Purchase of machines
- b. Stock of durable goods
- c. Purchase of real capital assets
- d. All of the above

Ans - c

.....

Given the following information:

Total assets = Rs. 3,00,000
Non-current liabilities = Rs. 80,000
Shareholders' Funds = Rs. 2,00,000
Non-Current Assets:
Fixed assets = Rs. 1,60,000
Non-current Investments = Rs. 1,00,000

1. Calculate Current Assets

- a. Rs. 20,000
- b. Rs. 30,000
- c. Rs. 40,000
- d. Rs. 50,000

Ans - c

2. Calculate Current Liabilities

- a. Rs. 20,000
- b. Rs. 30,000
- c. Rs. 40,000
- d. Rs. 50,000

Ans - a

3. Calculate Current Ratio

- a. 1 : 1
- b. 1 : 2
- c. 2 : 1
- d. 2 : 1.5

Ans - c

Solution:

1. c
Total assets = Non-current assets + Current assets
Rs. 3,00,000 = Rs. 2,60,000 + Current assets
Current assets = Rs. 3,00,000 – Rs. 2,60,000
= Rs. 40,000

2. a

Total assets = Equity and Liabilities

= Shareholders' Funds + Non-current liabilities + Current liabilities

Rs. 3,00,000 = Rs. 2,00,000 + Rs. 80,000 + Current Liabilities

Current liabilities = Rs. 3,00,000 – Rs. 2,80,000

= Rs. 20,000

3. c

Current Ratio = Current Assets / Current Liabilities

= Rs. 40,000 / Rs. 20,000

= 2 : 1

When price of tomato increases and people buy tomato puree. How are they related?

- a. Complementary to each other
- b. Competitive to each other
- c. Nothing can be said
- d. Inferior good

Ans - b

The process of providing the trainees the information about their performance is

- a. Feedback
- b. Observation
- c. Suggestion
- d. Research

Ans - a

..... theories of motivation are based on the cognitive reasons

- a. Humanistic theory
- b. Arousal theory
- c. Expectancy theory
- d. Incentive theory

Ans - a

Love and Belongingness needs relate to the

- a. Achievement
- b. Independence
- c. Friendship and family
- d. Status

Ans - c

valence refers to

- a. emotional orientation
- b. Physical orientation
- c. Biological orientation
- d. All the above

Ans - a

Consumer's real income decreases

- a. When price of the commodity also decreases.
- b. When money income decreases.
- c. When price of the commodity increases.
- d. None of the above

Ans - c

Demand is a

- a. Stock concept
- b. Flow concept
- c. Neither a. nor (b)
- d. Partially a flow concept

Ans - b

Upward linear Engel curve implies

- a. Luxury goods
 - b. $em < 1$
-

-
- c. Addicted goods
 - d. Normal goods

Ans - d

.....

People having enterprising personality oriented choose profession of

- a. military officers
- b. advertising executives
- c. carpenters
- d. engineers

Ans - a

.....

Answer the below questions from the table

Items	% Change in Price	% Change in Quantity Demanded	Elasticity
Demand for salt	20	-1	X
Demand for bananas	15	Y	-3
Supply of chicken	Z	14	1

1. The value of X

- a. -20
- b. -0.05
- c. -1
- d. None

Ans - a

.....

2. The value of Y

- a. -5
- b. 15
- c. -45
- d. -3

Ans - a

.....

3. The value of Z

- a. 14
- b. 1
- c. 007
- d. 5

Ans - a

..... impel a person to make creative or productive effects

- a. Existence needs
- b. Self actualization
- c. Relationship
- d. None of the above

Ans - b

Which one of the following is dissatisfaction factor

- a. Advancement
- b. Growth
- c. Work conditions
- d. Responsibility

Ans - c

The supply of a good refers to

- a. Amount of production of good
- b. Running stock of the good
- c. Amount of the good offered for sale at a particular price per unit of time
- d. Stock available for sale

Ans - c

Contraction of supply is the result of

- a. Decrease in the number of producers
 - b. Decrease in the price of the goods
-

- c. Increase in the price of other goods
- d. Decrease in the outlay of sellers

Ans - b

.....

An increase in the supply of a good is caused by

- a. Improvements in its technology
- b. Fall in the prices of other goods
- c. Fall in the prices of inputs
- d. Both a & c

Ans - d

.....

The Quantity supplied of a good or service is the amount that

- a. Producers wish they could sell at a higher price
- b. Is actually bought during a given time period at a given price
- c. Producers plan to sell during a given time period at a given price
- d. People are willing to buy during a given time period at given price

Ans - c

.....

A Capitalist economy uses as the principal means of allocating resources.

- a. Demand
- b. Supply
- c. Efficiency
- d. Prices

Ans - d

.....

If the price of commodities goes up the demand for supply will

- a. Increase
- b. Decrease
- c. Remains constant
- d. None of the above

Ans - b

.....

Given the following data (Rs. in lakh), Calculate :

- (i) Borrowing by the government - 600
- (ii) Revenue receipts - 100
- (iii) Capital receipts - 750
- (iv) Interest payment by the government - 150

1. Fiscal deficit

- a. Rs. 150 lakh
- b. Rs. 300 lakh
- c. Rs. 450 lakh
- d. Rs. 600 lakh

2. Primary Deficit

- a. Rs. 150 lakh
- b. Rs. 300 lakh
- c. Rs. 450 lakh
- d. Rs. 600 lakh

Ans - 1-d, 2-c

Solution :

1. Fiscal Deficit = Borrowing by the government
= Rs. 600 lakh

2. Primary Deficit = Fiscal deficit - Interest payment by the government
= Rs. 600 lakh - Rs. 150 lakh
= Rs. 450 lakh

Which of the following would help to control inflation? (i) Discontinuation of the system of ad-hoc treasury bills, (ii) increase in production & supply of foodgrains, (iii) Reducing SLR

- a. (i) & (ii)
- b. (i) & (iii)
- c. (ii) & (iii)
- d. (i), (ii) & (iii)

Ans - a

From the following data (Rupees in Crores) calculate

Gross national product at factor cost - 6,150
Net exports - (-)50
Compensation of employees - 3000
Rent - 800
Interest - 900
Profit - 1,300
Net indirect taxes - 300
Net domestic capital formation - 800
Gross domestic capital formation - 900
Factor income to abroad - 80

1. Gross Domestic Product at Factor Cost

- a. 3900 crore
- b. 6100 crore
- c. 6400 crore
- d. 8550 crore

Ans - b

2. Gross Domestic Product at Market price

- a. 3900 crore
- b. 6100 crore
- c. 6400 crore
- d. 8550 crore

Ans - c

Solution :

1. GDP at factor cost

= NDP at factor cost + Depreciation

= Compensation of employees+ Rent+ Interest+ Profit +Mixed income+ (Gross domestic capital formation - Net domestic capital formation)

= =Rs 3,000crore + Rs 800 crore + Rs 900 crore + Rs 1,300 crore + (Rs 900 crore - Rs 800 crore)

= Rs 6100 crores

2. Gross Domestic Product at Market Price

= GDP at factor cost + Net Indirect taxes

= Rs 6100 + Rs300 crore

= Rs 6,400 crore

.....
Total expenditure of a government budget is Rs. 75,000 crore and total receipts is Rs. 45,000 crore. How much is the budget deficit?

- a. Rs. 30,000 crore
- b. Rs. 45,000 crore
- c. Rs. 75,000 crore
- d. Rs. 1,20,000 crore

Ans - a

Solution :

Budget Deficit = Total expenditure - Total receipts
= Rs. 75,000 crore – Rs. 45,000 crore
= Rs. 30,000 crore

.....
Inflation benefits (i) salary earners, (ii) pensioners, (iii) equity holders, (iv) debtors

- a. (i), (ii) and (iii)
- b. (i) and (ii) only
- c. (i), (iii) and (iv)
- d. (iii) and (iv)

Ans - d

.....
Which of the following is/are correct regarding the effects of inflation? (i) During the period of inflation debtors gain, (ii) Those who invest in bonds gain during inflation, (iii) Equity holders gain during inflation, (iv) During inflation salaried persons lose

- a. Only (i), (ii), (iii)
- b. Only (i), (iii) and (iv)
- c. Only (ii), (iii), (iv)
- d. Only (i), (ii) and (iv)

Ans - b

.....
Increase in excess of demand over supply results in

- a. Demand-Pull inflation
- b. Cost-pull inflation
- c. Stagflation

d. Reflation

Ans - a

.....

Control over investment leads to inflation.

- a. Increase
- b. Decrease
- c. Unchanged
- d. None of the above

Ans - b

.....

What is not true of the modern theory of interest?

- a. Neo-Keynesian Theory
- b. Hicks and Hansen's synthesis
- c. Monetary Theory
- d. IS-LM Curves Analysis

Ans - c

.....

The relationship between demand for a commodity and price, ceteris paribus, is

- a. Negative
- b. Positive
- c. Non-negative
- d. Non-positive

Ans - a

.....

Law of demand explains

- a. Quantitative relationship between price and demand
- b. Qualitative relationship between price and demand
- c. Relationship between demand and supply
- d. Rate of change in price and demand

Ans - b

.....

Balance Sheet (in lakhs) as on 31.03.2016

Assets

Current Assets

Cash - 500

Accounts Receivable - 300

Inventory - 200

Total Current Assets - 1000

Fixed Assets

Property, Plant, and Equipment - 2100

Less Accumulated Depreciation - 400

Net Fixed Assets - 1700

Total Assets - 2700

Liabilities and Owners' Equity

Current Liabilities

Accounts Payable - 400

Notes Payable - 200

Total Current Liabilities - 600

Long-Term Liabilities

Long-Term Debt - 1200

Total Long-Term Liabilities - 1200

Owners' Equity

Common Stock (1 Par) - 600

Capital Surplus - 200

Retained Earnings - 100

Total Owners' Equity - 900

Total Liab. and Owners' Equity - 2700

Profit and Loss Account (in Lakhs) for the year ended 31.03.2016

Sales - 900

Cost of Goods Sold - 600

Administrative Expenses - 300

Depreciation - 362

Earnings Before Interest and Taxes - -362

Interest Expense - 130

Taxable Income - (-)492

Taxes - (-)81

Net Income - (-)411

Dividends - 0
Addition to Retained Earnings - (-)411
Other Information
Number of Shares Outstanding (lakhs) - 600
Price per Share - 1.8

Calculate the following ratios:

1. Current Ratio

- a. 1 : 1
- b. 1.33 : 1
- c. 1.67 : 1
- d. 2 : 1

2. Quick Ratio

- a. 1 : 1
- b. 1.33 : 1
- c. 1.67 : 1
- d. 2 : 1

3. Receivables Turnover

- a. 1 time
- b. 2 times
- c. 3 times
- d. 4 times

4. Days' Receivables

- a. 91.25 Days
- b. 121.67 Days
- c. 182.5 Days
- d. 365 Days

5. Inventory Turnover

- a. 1 time
- b. 2 times
- c. 3 times
- d. 4 times

6. Days' Inventory

- a. 91.25 Days
- b. 121.67 Days
- c. 182.5 Days
- d. 365 Days

Explanation:

1. c

$$\begin{aligned}\text{Current Ratio} &= \text{Current Assets} / \text{Current Liabilities} \\ &= 1000 / 600 \\ &= 1.67 : 1\end{aligned}$$

2. b

$$\begin{aligned}\text{Quick Ratio} &= \text{Quick Assets} / \text{Current Liabilities} \\ \text{Quick Assets} &= \text{Total Current Assets} - \text{Inventory} \\ &= 1000 - 200 = 800\end{aligned}$$

$$\begin{aligned}\text{Quick Ratio} &= 800 / 600 \\ &= 1.33 : 1\end{aligned}$$

3. c

$$\begin{aligned}\text{Receivables Turnover} &= \text{Sales} / \text{Accounts Receivables} \\ &= 900 / 300 \\ &= 3 \text{ times.}\end{aligned}$$

4. b

$$\begin{aligned}\text{Days' Receivables} &= 365 / \text{Receivables Turnover} \\ &= 365 / 3 \\ &= 121.67 \text{ days}\end{aligned}$$

5. c

$$\begin{aligned}\text{The Inventory Turnover} &= \text{COGS} / \text{Inventory} \\ &= 600 / 200 \\ &= 3 \text{ times.}\end{aligned}$$

6. b

$$\begin{aligned}\text{Days' Inventory} &= 365 / \text{Inventory Turnover} \\ &= 365 / 3 \\ &= 121.67 \text{ days}\end{aligned}$$

We can say with certainty that when the demand for TVs increases in the long run, prices

- a. Will go down
- b. Will go up
- c. Change proportionately
- d. Cannot be predicted with the knowledge of elasticity of demand

Ans - d

In the normal demand schedule, quantity demanded

- a. Varies directly with price
- b. Is independent of price
- c. Varies inversely with price
- d. Varies proportionately with price

Ans - c

An example of derived demand is demand for

- a. Pen and ink
- b. Wool and mutton
- c. Petrol and Car
- d. None of the above

Ans - d

By increase in demand we mean

- a. Movement upwards on a demand curve
- b. Movement downwards on demand curve
- c. Shifting upwards of a demand curve
- d. None of these

Ans - c

Law of demand operates because of

- a. Price changes
 - b. The principle of different income
-

- c. Changes in advertisement expenses
- d. None of the above

Ans - a

.....

Multiple uses of a commodity will make the demand go up when

- a. Price increases
- b. Price remains the same
- c. Price falls down
- d. None of the above

Ans - c

.....

The downward sloping demand curve may be partly explained by the "income effect" which refers to

- a. People's tendency to save more as their real incomes fall in the short period.
- b. An increase or decrease in the amount of a good purchased because of a price-induced change in the purchasing power of a fixed income.
- c. Changes in the relative importance of good purchased because of changes in the community's tastes resulting from advertising.
- d. Changes in the distribution of income in a community.

Ans - b

.....

The demand curve for a commodity is generally drawn on the assumption that

- a. The commodity has no substitutes
- b. Tastes, income and all other prices remain constant.
- c. The average household consist of two persons
- d. Purchases of the commodity are made by a free market.

Ans - b

.....

A fall in the price of a commodity leads to

- a. A shift in demand
 - b. A fall in demand
 - c. A rise in consumer's real income
-

d. A fall in the consumer's real income.

Ans - c

In the case of Giffin good like Bajra a fall in its price tends to

- a. Make the demand remain constant
- b. Reduce the demand
- c. Increase the demand
- d. Change demand in an abnormal way

Ans - b

A change in climatic conditions resulting in hot weather, price remaining the same, would cause a consumer of cold drink

- a. To move to a higher demand curve
- b. To move up the same demand curve
- c. To move lower down the curve
- d. To move to a lower demand curve.

Ans - a

If two goods are complementary, this means that a rise in the price of one commodity will induce

- a. An upward shift in demand for the other commodity
- b. A rise in the price of the other commodity
- c. A downward shift in demand for other commodity
- d. No shift in demand for the other commodity.

Ans - c

Other things being equal a decrease in demand can be caused by

- a. A rise in the price of the commodity
- b. A rise in the income of the consumer
- c. A fall in the price of the commodity
- d. A fall in the income of the consumer

Ans - d

An increase in demand can result from

- a. A decline in market price
- b. An increase in income
- c. A reduction in the price of substitutes
- d. An increase in the price of complementary goods

Ans - b

.....

If the price of good A affects the demand for good B, then

- a. A is a substitute for B
- b. B is complement of A
- c. Changes in the price of B will not change the demand for A.
- d. Changes in the price of A will shift or change the demand for B.

Ans - d

.....

Cross demand is the change in the quantity demanded of a given commodity in response to the

- a. Change in the utility of another commodity
- b. Change in the price of another commodity
- c. Change in the nature of another commodity
- d. Change in the size of another commodity.

Ans - b

.....

The law of demand states that

- a. Demand increases with increase in income
- b. When income and prices rise, the demand also rises
- c. When income and prices rise, the demand also rises
- d. When price increases, demand increases

Ans - c

.....

A consumer's equilibrium choice or position is one at which

- a. His savings are maximised
 - b. His assets are maximised
-

- c. His satisfaction is maximum
- d. Price of goods is maximised

Ans - c

.....

Other things being equal, a fall I contraction in demand can be caused by a

- a. Rise in prices of the substitute
- b. Rise in prices of the substitute
- c. Rise in the income of the consumer
- d. Rise in the price of the commodity

Ans - d

.....

A rightwards shift in supply curve indicates

- a. A decrease in supply
- b. An increase in quantity supplied
- c. An increase in supply
- d. None of the above

Ans - c

.....

A supply curve will generally take an upwards sloping form left to right because

- a. Market price is normally above total costs of production.
- b. Consumers' income tend to increase in the long period.
- c. Producers' costs tend 'to increase as their output expands
- d. Supply of most goods is essentially a short-term phenomenon.

Ans - c

.....

Other things being equal an increase in supply can cause by

- a. A rise in the price of the commodity
- b. An improvement in the techniques of production
- c. A rise in the income of the consumer
- d. An increase in the income of the seller

Ans - d

.....

.....
If more is demanded at the same price or same quantity at a higher price, this fact of demand is known as

- a. Extension of demand
- b. Increase of demand
- c. Contraction of demand
- d. Decrease of demand.

Ans - b

.....

For most consumers, milk and tea are substitute goods. Therefore, we should expect a rise in price of milk to lead to

- a. A rightward shift in the supply curve of tea.
- b. A leftward shift in the supply curve of tea.
- c. A fall in the price of tea.
- d. An upward shift in the demand curve for tea.

Ans - d

.....

The shift of the supply curve for a commodity to the left may indicate, other things being equal, that

- a. Shares in the producing firms are in great demand on the Stock Exchange.
- b. Producers of the commodity wish to make and sell less at same price.
- c. Prices of raw materials used in the production of the commodity have fallen.
- d. Wages paid to the producers' employees have fallen.

Ans - b

.....

The supply schedule for a commodity is usually assumed to be directly open to influence by all the following except

- a. The quantity demanded
- b. The prices of the factors of production
- c. The costs of production
- d. The prices of other goods

Ans - a

.....

Ceteris paribus, a decrease in quantity supplied of a commodity can be caused by

- a. A fall in its price
- b. A fall in income
- c. A rise in price
- d. A fall in raw material

Ans - a

.....

Which of the following could explain why the supply curve for a commodity slopes downwards?

- a. Producers do not like increasing production.
- b. Producers have to lower price to induce consumers to buy more
- c. Costs fall as production increases
- d. Diminishing marginal utility is in operation

Ans - c

.....

Apple juice & orange juice are substitute in consumption & apple juice & apple sauce are substitute in production. If the price of orange juice or the price of apple sauce then the price of apple juice will

- a. Decrease; decreases; increase
- b. Increases; increases; increase
- c. Decreases; increases; decrease
- d. Increases; decreases; increase

Ans - b

.....

Liquidity trap is likely to result when

- a. Rate of Interest at its lowest
- b. Rate of Interest at its highest
- c. No change in supply of money
- d. When an increase in the supply of money fails to reduce the rate of interest

Ans - a

.....

On 31.03.2018, a company's records show the following information:

cash - 10,000
Accounts receivable - 30,000
Inventory - 80,000
Prepaid Insurance - 6,000
Long-term assets - 2,00,000
Accounts payable - 30,000
Notes payable due in 10 months - 25,000
Wages payable - 5,000
Long-term liabilities - 70,000
Stockholders' (Owner's) Equity - 1,96,000

Based on the above information, answer the below questions.

1. The company's working capital

- a. 60,000
- b. 66,000
- c. 96,000
- d. 196,000

2. The company's current ratio

- a. 0.67 : 1
- b. 1.0 : 1
- c. 2.1 : 1
- d. 2.6 : 1

3. The company's quick ratio

- a. 0.67 : 1
- b. 1.0 : 1
- c. 2.1 : 1
- d. 2.6 : 1

Solutions :

1. b

Working capital = current assets - current liabilities
= (cash + Accounts receivable + Inventory + Prepaid Insurance) - (Accounts payable + Notes payable due in 10 months + Wages payable)
= (10,000 + 30,000 + 80,000 + 6,000) - (30,000 + 25,000 + 5,000)
= 1,26,000 - 60,000

= 66,000

2. c

Current ratio = Current assets / Current liabilities

= 1,26,000 / 60,000

= 2.1 : 1

3. a

The quick ratio or acid test ratio = (Cash + Temporary Investments + Accounts Receivable) / current liabilities

= (10,000 + 0 + 30,000) / 60,000

= 40,000 / 60,000

= 0.67: 1

The famous book written by J.M.Keynes is entitled

- a. Principles of Economics
- b. Law of Markets
- c. The General Theory of Employment, Interest and Money
- d. None of the above.

Ans - c

Which theory is called the Neo-Classical theory of rate of interest?

- a. Risk Theory
- b. Liquidity Preference Theory
- c. a and b
- d. Loanable Funds Theory

Ans - d

The agency estimating the National Income of India is

- a. Reserve Bank of India
- b. Planning Commission
- c. Ministry of Finance
- d. Central Statistical Organisation

Ans - d

Who has given scarcity definition of economics?

- a. Adam Smith
- b. Marshall
- c. Robbins
- d. Robertson

Ans - c

.....

The law of demand implies that demand curves

- a. slope down
- b. slope up
- c. shift rightward whenever the price rises
- d. shift leftward whenever the price rises

Ans - a

.....

The price of a good will fall if

- a. there is a surplus at the current price
- b. the current price is less than the equilibrium price
- c. the quantity demanded exceeds the quantity supplied
- d. the price of a complement falls

Ans - a

.....

Broad Money (M3) constitutes currency with public plus demand deposits with banks plus time deposits with bank plus

- a. Other deposits with the RBI
- b. Post office deposits
- c. Government deposits with RBI
- d. Bankers deposits with RBI

Ans - a

.....

Consider the following data:

1. Revenue deficit (RD) = 3% of GDP |
2. Grants for capital formation = 1.8% of GDP
3. Primary deficit (PD) = 1.2%
4. Non-plan expenditure = 1.5%

In the above scenario, effective revenue deficit (ERD) will be:

- a. 1.2%
- b. 1.5%
- c. 1.8%
- d. cannot be calculated

Ans - a

Solution

$$\begin{aligned} \text{ERD} &= \text{RD} - \text{Grants for capital formation} \\ &= 3\% - 1.8\% \\ &= 1.2\% \end{aligned}$$

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 of the above

Ans - d

CSO classifies the Industrial Sector in to how many segments?

- a. Three
- b. Four
- c. Six
- d. Two

Ans - a

Consider the following statements:

1. India's GDP is more than its GNP.
2. Net Factor Income from Abroad (NFIA) is positive for India.

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

Ans - a

.....

In a laissez-faire economy

- a. The customers take all the decisions regarding production of all the commodities
- b. The Government does not interfere in the free functioning of demand and supply forces in the market
- c. The private sector takes all the decisions for price-determination of various commodities produced
- d. The Government controls the allocation of all the factors of production

Ans - b

.....

Gross Domestic Product is defined as the value of all

- a. Goods produced in an economy in a year
- b. Goods and services produced in an economy in a year
- c. Final goods produced in an economy in a year
- d. Final goods and services produced in an economy in a year

Ans - d

.....

In India, inflation is measured by

- a. wholesale price index number
- b. consumer price index for urban non-manual workers
- c. consumer price index for agricultural workers
- d. national income deflation

Ans - d

.....

If a standard error of a statistic is less than that of another then the former is said to be

- a. efficient
- b. unbiased
- c. consistent
- d. sufficient

Ans - a

.....

If the maturity of a bond is long into the future the interest rate is higher. Why?

- a. longer term maturity is more sensitive to price fluctuation than shorter term
- b. the attractiveness of longer term is related to interest only
- c. longer term bonds are generally issued by institutions of lesser rating
- d. longer term maturity is less sensitive to fluctuation than shorter term

Ans - a

.....

If prices double, what happens to real value of rupee?

- a. remains same
- b. doubles
- c. halves
- d. changes in unlike proportions

Ans - c

.....

A form of economy in which decisions regarding production and consumption are taken by individuals and firms is called : (i) Marketing economy, (ii) capitalistic economy

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - d

.....

What sector is called as Primary Sector in India?

- a. Industrial Sector
-

- b. Service Sector
- c. External Sector
- d. Agricultural Sector

Ans - d

Some times an individual may not be clear about the various expectations that people have from his role and this causes.....

- a. Role stagnation
- b. Inter-role distance
- c. Role ambiguity
- d. Role-set conflicts

Ans - c

A fund which is created by companies to make payment of balloon repayment loans by regular annual contributions to have adequate funds at the end of the period, when repayment fails due is called...

- a. reserve fund
- b. balloon fund
- c. sinking fund
- d. repayment fund

Ans - c

Which of the following is not a method of selecting samples from a population?

- a. Judgement sampling
- b. Random sampling
- c. Probability sampling
- d. Cluster Sampling

Ans - c

Present value is Rs.20000. Interest rate is 12 % per annum. Interest is compounded on quarterly basis. What will be the cash flow at the end of first year?

- a. 25210
 - b. 22150
-

- c. 22510
- d. 21520

Ans - c

Solution :

Now there are 4 quarters (as compounding is quarterly) Interest rate per quarter is 3 per cent. So,

$$\begin{aligned}C4 &= PV(1+i/100)^4 \\ &= 10000(1.03)^4 \\ &= 10000*1.125509 \\ &= 22510\end{aligned}$$

If payments are made/received at the beginning of the period, this Annuity is called as ...

- a. Perpetual Annuity
- b. Annuity Ordinary
- c. Annuity Due
- d. Advance Annuity

Ans - c

In case of compound Interest, if compounding is done half yearly, then t is multiplied by ...

- a. 2
- b. 3
- c. 4
- d. 6

Ans - a

If you want to get Rs. 50000 after 1 year, how much you should invest at the interest rate of 10% ?

- a. 45545
- b. 45454
- c. 44554
- d. 44454

Ans – b

Solution :

$$\begin{aligned}FV &= PV (1+r)^n \\50000 &= PV (1+10/100)^1 \\50000 &= PV (1+0.1) \\50000 &= PV (1.1) \\PV &= 50000/1.1 \\&= 45454\end{aligned}$$

A bond that has no maturity and pays a fixed coupon (or rate of interest) is called ...

- a. Long term bond
- b. Perpetual bonds
- c. Console bonds
- d. Non-repayable bonds

Ans - C

Given,

Recoveries of loan and advance	- Rs. 1200 Crores
Misc capital receipt	- Rs. 600 Crores
Market loans	- Rs. 500 Crores
Short term borrowings	- Rs. 800 Crores
External assistance (Net)	- Rs. 300 Crores
State provident fund	- Rs. 400 Crores
Other receipts (Net)	- Rs. 800 Crores
Securities issued against small savings	- Rs. 300 Crores
Recoveries of short term loans and advances from states and loans to govt servants	- Rs. 600 Crores
Total Non Tax Revenue	- Rs. 3000 Crores
Net Tax Revenue	- Rs. 1000 Crores
Draw down cash balance	- Rs. 2000 Crores

Calculate Total Receipt ...

- a. Rs 5700 Crores
- b. Rs 9900 Crores
- c. Rs 10300 Crores
- d. Rs 11700 Crores

Ans – c

Solution :

Total Receipt = Total Revenue Receipt + Capital Receipt + Draw down cash balance

Let us first calculate Total Revenue Receipt,

Total Revenue Receipt = Net Tax Revenue + Total Non Tax Revenue
= 1000 + 3000
= 4000 Crores

Now, let us calculate Capital Receipt,

Capital Receipt = Non Debt Receipt + Debt Receipt

Let us first calculate Non Debt Receipt,

Non Debt Receipt = Recoveries of loan & advances (deduct recoveries of short term loans & advance from state and loans to govt servants) + MISC

Capital receipts
= 1200 - 600 + 600
= 1200 Crores

Now, let us calculate Debt receipt,

Debt Receipt = Market Loans + Short Term Borrowings + External assistance (NET) + Securities issued against Small savings + State provident fund + other Receipts(Net)
= 500 + 800 + 300 + 300 + 400 + 800
= 3100 Crores

Capital Receipt = Non Debt Receipt + Debt Receipt
= 1200 + 3100
= 4300 Crores

So,

Total Receipt = Total Revenue Receipt + Capital Receipt + Draw down cash balance
= 4000 + 4300 + 2000
= 10300 Crores

Expand BPLRs

a. Benchmark Prime Lending Rates

- b. Benchmark Prime Loan Rates
- c. Benchmark Process Lending Rates
- d. None of the above

Ans - a

When the price of a product increases by 20%, the demand for the product decreases for 800 to 600. What is the price elasticity of demand for the product?

- a. 1
- b. 1.25
- c. 1.5
- d. 1.75

Ans - b

Solution :

Price Elasticity of Demand = % Change in Quantity Demanded / % Change in Price

% Change in Quantity Demanded = $200/800 \times 100 = 25$
% Change in Price = 20

Price Elasticity of Demand = $25/20 = 1.25$

Given,

Currency with public - Rs. 120000 Crores
Demand deposit with banking system - Rs. 200000 Crores
Time deposits with banking system - Rs. 250000 Crores
Other deposit with RBI - Rs. 300000 Crores
Savings deposit of post office savings banks - Rs. 100000 Crores
All deposit with post office savings bank excluding NSCs - Rs. 50000 Crores

Calculate M2.

- a. Rs. 570000 Crores
- b. Rs. 620000 Crores
- c. Rs. 670000 Crores
- d. Rs. 720000 Crores

Ans – d

Solution

M1 = currency with public + demand deposit with the banking system + other deposits with RBI

M1 = 120000+200000+300000

M1 = 620000

M2 = M1+Savings deposit of post office savings banks

So,

M2 = 620000+100000

M2 = 720000 Crores

.....

If you wish an annuity to grow to Rs. 17000 over 5 years so that you can replace your car, what monthly deposit would be required if you could invest @ 12% compounded monthly?

- a. 208
- b. 280
- c. 204
- d. 240

Ans - a

Explanation :

Here,

FV = 17000

T = 5 years = 60 months

R = 12% yearly = 0.01% monthly

P = ?

$FV = P / R * [(1+R)^T - 1]$

$17000 = P \times (1.01^{60} - 1) \div 0.01$

$17000 = P \times 81.6697$

So,

$P = 17000 / 81.6697 = 208$

.....

Factors of Production are : (i) Land, (ii) Capital, (iii) Entrepreneur

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

.....
In Vroom's theory, motivation is a product of

- a. expectancy
- b. instrumentality
- c. valence
- d. All of above

Ans - d

.....
According to the Personality Job Fit theory, the six personality type are:Realistic,Investigative,Social,
Enterprising and Artistic.

- a. Jovial
- b. Empathetic
- c. Conventional
- d. Timid

Ans - c

.....
The MCLR will comprise of (i) Marginal cost of funds, (ii) Negative carry on account of CRR, (iii)
Operating costs & Tenor premium.

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....
Banks shall review and publish their Marginal Cost of Funds based Lending Rate (MCLR) of different
maturities every

- a. week
- b. month
- c. quarter
- d. year

Ans - b

The minimum average maturity is for ECB up to USD 50 million or its equivalent.

- a. 2 years
- b. 3 years
- c. 4 years
- d. 5 years

Ans - b

The minimum average maturity is for ECB beyond USD 50 million or its equivalent.

- a. 2 years
- b. 3 years
- c. 4 years
- d. 5 years

Ans - d

ABC & co's balance sheet included the following accounts:

Cash: 10,000
Accounts Receivable: 5,000
Inventory: 5,000
Stock Investments: 1,000
Prepaid taxes: 500
Current Liabilities: 15,000

Find the Quick Ratio

- a. 1.02
- b. 1.05
- c. 1.07
- d. 1.09

Ans - c

Solution :

Quick Ratio = Cash + Cash Equivalents + Short Term Investments + Marketable Securities + Accounts Receivable) / Current Liabilities

$$= (10000+5000+1000) / 15000$$

.....
= 16000 / 15000
= 1.07
.....

ABC & co's balance sheet included the following accounts:

Inventory : 5,000
Prepaid taxes : 500
Total Current Assets : 21,500
Current Liabilities : 15,000

Find the Quick Ratio

- a. 1.02
- b. 1.05
- c. 1.07
- d. 1.09

Ans - c

Solution :

Quick Ratio = (Current assets – Inventory - Advances - Prepayments Current Liabilities) / Current Liabilities

= (21500 - 5000 - 500) / 15000
= 16000 / 15000
= 1.07
.....

Go through the following data and answer the question.

1. Consumptions - Rs. 100000 Cr
2. Gross investment - Rs. 75000 Cr
3. Govt spending - Rs. 25000 Cr
4. Export - Rs. 100000 Cr
5. Import - Rs. 75000 Cr
6. Indirect Taxes - Rs. 15000 Cr
7. Subsidies(on production and import) - RS. 10000 Cr
8. Compensation of employee - Rs. 500 Cr
9. Property Income - Rs. 500 Cr
- 7,8,9 - Net receivable from aboard
- 10.Total capital gains from overseas investment - Rs. 20000 Cr
- 11.Income earned by foreign national domestically - Rs. 10000 Cr

Calculate GDP

- a. Rs. 220000 Cr
- b. Rs. 225000 Cr
- c. Rs. 230000 Cr
- d. Rs. 235000 Cr

Ans - b

Solution :

$$\begin{aligned} \text{GDP} &= \text{Consumption} + \text{Gross investment} + \text{Government spending} + (\text{Exports} - \text{Imports}) \\ \text{GDP} &= C+I+G+(X-M) \\ &= 100000+75000+25000+(100000-75000) \\ &= 225000 \end{aligned}$$

The theory of distribution refers to (i) The distribution of income among various factors of the production, (ii) The distribution of income among different individuals in the economy.

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - a

Which of the following is not a selective credit control measure? (i) Rationalizing of Credit, (ii) Open market observations, (iii) Changes in the statutory liquidity ratio

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - b

Essential services owned and controlled by government is called (i) Public monopoly, (ii) Public utility, (iii) Public Sector

- a. Only (i) and (ii)
 - b. Only (i) and (iii)
-

- c. Only (ii) and (iii)
d. (i), (ii) and (iii)

Ans - d

National Income is based on (i) Total Production x prices, (ii) Rent + wages + Interest + Profit, (iii) Domestic Income + NFI

- a. Only (i) and (ii)
b. Only (i) and (iii)
c. Only (ii) and (iii)
d. (i), (ii) and (iii)

Ans - d

Which of the following is included in the calculation of gross domestic product? (i) Personal consumption expenditure, (ii) Gross domestic investment, (iii) Purchase by the government

- a. Only (i) and (ii)
b. Only (i) and (iii)
c. Only (ii) and (iii)
d. (i), (ii) and (iii)

Ans - d

Which of the following circumstances would be likely to bring about a change in the demand schedule for a product? (i) A fall in the price of the product, (ii) An increase in the number of potential consumers, (iii) A new method of producing the product

- a. Only (i) and (ii)
b. Only (i) and (iii)
c. Only (ii) and (iii)
d. (i), (ii) and (iii)

Ans - a

Gross National Product is greater than gross domestic product when

- a. NFI (from abroad) > 0
b. NFI < 0

- c. NFI = 0
- d. NFI = -1

Ans - a

.....

The utility of a commodity is

- a. Its expected social value
- b. Its relative scarcity
- c. The extent of its practical use
- d. The degree of its fashion

Ans - b

.....

Marginal utility curve of a given consumer is also his

- a. Indifference curve
- b. Demand curve
- c. Supply curve
- d. Total utility curve

Ans - b

.....

Which of the following statements is correct? (i) Micro-economics is primarily concerned with the problem of what, how and for whom to produce, (ii) Micro-economics is primarily concerned with the behaviour of individual decision making units when at equilibrium, (iii) Micro-economics is primarily concerned with the time path and process by which one equilibrium position evolves into another

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

.....

Economic laws may be described as

- a. Principles derived from analysis of price and output determination.
 - b. Generations concerning the economic behaviour of individuals and institutions.
 - c. Forecasts in quantitative terms of the economic development of society.
-

d. Expression of the basic features of competition.

Ans - b

.....

The total utility is maximum when

- a. MU is zero
- b. AU is the highest
- c. MU is the highest
- d. MU is equal to AU

Ans - a

.....

To convert an annual trend equation to a monthly basis, when original data are given as totals

- 'a' is divided by 12 and 'b' by 144
- b. 'a' is divided by 12 and 'b' by 12
- c. 'a' is divided by 144 and 'b' by 12
- d. 'a' is divided by 144 and 'b' by 144

Ans - a

.....

Changes that have taken place as a result of such forces that could not be predicted like floods etc. are known as

- a. seasonal variations
- b. erratic variation
- c. cyclical variation
- d. none of the above

Ans - b

.....

Seasonal variations repeat during a period of

- a. 12 months
- b. 24 months
- c. 36 months
- d. 46 months

Ans - a

.....

The law of diminishing marginal utility states that

- a. As more of a commodity is consumed total satisfaction diminishes.
- b. The more you have of a particular commodity the less you want more of it.
- c. As more units of a commodity are produced the price of the commodity will fall
- d. The consumption of further units of a commodity will bring a steady increase in the amount of satisfaction obtained.

Ans - b

.....

Bonds may be (i) Secured by Fixed charges on assets, (ii) Floating charge on assets, (iii) Unsecured debentures can also be issued

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

Debentures are (i) Normal types of bonds issued by Corporates, (ii) It is unsecured debt, backed only by the name and goodwill of the Company, (iii) In the event of the liquidation of the corporation, holders of debentures are repaid before stockholders, but after other secured creditors

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

Based upon the concept of present value, a bond that paid a "below market" rate of interest (say 3%), would sell at

- a. A price above its maturity value
- b. A price equal to its maturity value
- c. A price below as maturity value
- d. None of the above.

Ans - c

.....

The most important factors covering Magna' variations are (i) growth of population, (ii) technological improvements, (iii) weather

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

The general movement persisting over long period is called

- a. secular trend
- b. seasonal trend
- c. trend value
- d. none of the above

Ans - a

The Value of a bond is

- a. Its Face Value
- b. Present value of its future Cash flows
- c. Market Price
- a. Issue price

Ans - b

The most widely used method of measuring seasonal variations is

- a. ratio to moving averages method
- b. ratio to trend method
- c. link relative method
- d. method of simple averages

Ans - a

Irregular variations are caused by (i) floods, (ii) strikes, (iii) wars

- a. Only (i) and (ii)
-

- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

An increase in the price of a commodity, other things remaining same, results in

- a. Increase in price
- b. Increases in quantity supplied
- c. Increase in demand
- d. Taxes

Ans - b

.....

"Free Trade Area" denotes

- a. Free Exports
- b. A group of countries which have decided to impose no duties of any kind on imports from other members of the group
- c. Free Exports & Imports
- d. All the above

Ans - b

.....

Which of the following are among the major determinants of the interest rate in the Keynesian theory?

- a. People's desire to hold money and to keep their wealth in liquid form
- b. The available stock of money
- c. The intensity of speculation on the stock exchange
- d. The value of gold and silver on the world's markets

Ans - c

.....

A fall in the price of a commodity whose demand curve is a rectangular hyperbola causes total expenditure on the commodity to

- a. Remain unchanged
 - b. Increase
 - c. Decrease
-

d. Any of the above

Ans - a

.....

Supply remaining constant, if demand increases, price will

- a. Rise
- b. Remains constant
- c. Fluctuate
- d. Fall

Ans - a

.....

A time series is a set of observations taken at specified time, usually at

- a. equal intervals
- b. unequal intervals
- c. only at short-term intervals
- d. none of the above

Ans - a

.....

Which one of the following is a component of time series ? (i) secular trend, (ii) seasonal variations, (iii) cyclical variations

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

We find irregular variations due to (i) lock outs, (ii) transport bottlenecks (iii) floods

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

How can we remove seasonal variations ? (i) reducing prices in seasons, (ii) introducing different products having different seasons

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Neither (i) nor (ii)

Ans - d

Coupon rate means

- a. Market rate of return of a bond / Debenture
- b. The rate at which the bond would pay interest at stipulated periods
- c. The total amount (Principal+ Interest) that a bond would pay
- d. Yield to maturity of the bond

Ans - b

What is the sequence of the following phases in business (i) depression, ii) prosperity, iii) recovery, iv) recession

- a. ii, iv, i, iii
- b. iv, ii, i, iii
- c. iv, i, ii, iii
- d. iii, ii, iv, i

Ans - a

A stage when a person attempts to achieve ego integrity by examining whether life has been meaningful or satisfying, in the context of career planning, is called

- a. adolescence
- b. young adulthood
- c. adulthood
- d. maturity

Ans - d

D * YTM/1 + YTM gives: (D means duration and YTM means yield to maturity)

- a. duration of the bond
- b. bond price elasticity
- c. yield to maturity of the bond
- d. interest rate elasticity

Ans - d

.....

Vroom's Expectancy Theory of motivation consists of elements

- a. 2
- b. 3
- c. 4
- d. 5

Ans - b

.....

According to Vroom's Expectancy Theory of motivation, Valence is

- a. the individual's belief that the accomplishment of a given task will result in the attainment of some valued reward
- b. the strength of an individual's preference for obtaining some particular outcome
- c. the confidence that individual may have in themselves in accomplishing a certain task
- d. None of the above

Ans - c

.....

With a view to make the job more interesting, meaningful and challenging, this process of building several positive, intrinsic inducements and attractions is referred to

- a. Job Rotation
- b. Job enrichment
- c. Job enlargement
- d. Job Design

Ans - b

.....

Which of the following is not element in Vroom's expectancy of motivation ?

- a. valence
- b. operant conditioning
- c. Expectency
- d. Instrumentality

Ans - b

.....

Theory X and Theory Y Proposed by

- a. Maslow
- b. McGregor
- c. Vroom
- D. Jucius

Ans - b

.....

Hawthorne studies have underlined the importance of which of the following?

- a. Contingency approach to management
- b. Scientific approach to management
- c. Modern approach to management
- d. Human relations approach to management

Ans - d

.....

Job evaluation is used for

- a. Determining wage rate differentials
- b. Study of job evaluation
- c. Rating of employee merit
- d. Determining production cost

Ans - a

.....

Within Maslow's hierarchy of needs, the need for belonging is associated with

- a. physiological needs
 - b. safety needs
-

- c. social needs
- d. esteem needs

Ans - c

.....

According to Maslow, an employee who has a need for more self-respect has unmet

- a. physiological needs
- b. safety needs
- c. social needs
- d. esteem needs

Ans - d

.....

McGregor assumed that people who were lazy would normally be viewed through

- a. Theory X
- b. Theory Y
- c. Social Needs Theory
- d. Physical Needs Theory

Ans - a

.....

If A invests Rupees 100 at 7 per cent interest rate for 3 years, what will be the value at the end of 3 years?

- a. 121.50
- b. 122.50
- c. 123.50
- d. 124.50

Ans - b

Solution

$$\begin{aligned} FV &= PV * (1+r)^n \\ &= 100(1+0.07)^3 \\ &= 100 * 1.2250 \\ &= 122.5 \end{aligned}$$

or

$$\begin{aligned} A &= P(1+r/n)^t \\ &= 100(1.07)^3 \end{aligned}$$

.....
= 100 X 1.2250
= 122.50
.....

A quarterly repayments of a loan carry an interest rate of 8per cent per annum. What is the effective annual interest rate?

- a. 7.24
- b. 7.29
- c. 8.24
- d. 8.29

Ans - c

Solution

$$\text{Effective int rate} = (1+r/n)^n - 1$$

$$\text{ROI} = 08/4 = 2$$

here quarterly $(1.02/4)^4 - 1$

$$= 1.0824 - 1$$

$$= 0824/100$$

$$= 8.24$$

.....

My grandfather, starts giving me gifts of Rupees 1 lakh for the next 4 years. If the interest rate is 10 per cent pa, how much will I get at the end of 4 years?

- a. 414600
- b. 416400
- c. 461400
- d. 464100

Ans - d

Solution

$$\text{FV} = P/R \{(1+r)^n - 1\}$$

$$= 100000/0.10 \{(1+.1)^4 - 1\}$$

$$= 1000000 (1.4641 - 1)$$

$$= 1000000 * 0.4641$$

$$= 464100$$

.....

MSE means

- a. Medium and Small Enterprises
- b. Micro and Small Enterprises
- c. Medium State Enterprises
- d. None of the above.

Ans - b

.....

An investment at 12% interest rate compounded monthly is equal to an annual rate of

- A. 12.68%
- B. 12.36%
- C. 12%
- D. None of the above

Ans - a

.....

What is a scatter diagram ?

- a. diagram which scatters all elements of the variable.
- b. A graphic representation of the relationship of the variables
- c. Helps plot observed values
- d. b & c

Ans - d

.....

What variation does moving average method eliminate ?

- a. seasonal
- b. cyclical
- c. Irregular
- d. secular trend

Ans - a

.....

What are sampling groups which are very similar within but dissimilar without are called?

- a. cluster
-

- b. stratified
- c. systematic
- d. random

Ans - b

.....

Which is an example of sinking fund?

- a. perpetuity
- b. annuity
- c. gratuity
- d. none of the above

Ans - b

.....

What is the rule of 72 ?

- a. 12 times table
- b. rule for calculating future cash flows
- c. rule for compounding present cash flows
- d. rule for knowing how quickly money doubles

Ans - d

.....

Which method helps us draw a line between the set of scattered points?

- a. regression method
- b. correlation method
- c. least square method
- d. least fit method

Ans - c

.....

A loan of Rs. 1 lac is paid back in 5 equal annual installments. The roi charged is 20% annually. Find the amount of each loan?

- a. 34338
 - b. 33348
 - c. 33438
-

d. 33834

Ans - c

Explanation :

Here,

FV = Rs. 100000

T = 5 years

R = 20% p.a. = 0.2%

$$\begin{aligned} \text{EMI} &= P * R * [(1+R)^T / (1+R)^T - 1] \\ &= 100000 \times 0.2 \times 1.25 \div (1.25 - 1) \\ &= 33438 \end{aligned}$$

In systematic sampling, each has an equal chance of being selected.

- a. sample
- b. element
- c. both of these
- d. none of these

Ans - b

What is repayment of entire loan principal at the end of the loan period called ?

- a. balloon payment
- b. compounded payment
- c. annuity
- d. term payment

Ans - a

A quarterly repayments of a loan carry an interest rate of 8 % per annum. What is the effective annual interest rate?

- a. 8.4 %
- b. 8.2 %
- c. 8.3 %
- d. 8.5 %

Ans - b

Theory Y assumes that people inherently

- a. need satisfaction of need to belong more than anything else
- b. avoid responsibility and need to be closely controlled
- c. want to work and exercise self-direction
- d. work to satisfy hygiene factors

Ans - c

.....

According to Dalton, Thompson and Price, in the career path, which of the following is required to define the direction in which the entire organization or at least a major segment of the organization would develop?

- a. apprentice
- b. colleague
- c. mentors
- d. sponsors

Ans - d

.....

According to Driver, in the an individual takes a new job, works hard, performs well, moves up in status and rank and then moves on to another type of work and follows the same pattern of development and performance.

- a. steady state careers
- b. transitory pattern
- c. spiral career
- d. plateau career

Ans - c

.....

Under career pattern, Schein has given comprehensive framework of 3 dimensional movements. The movement is along the hierarchy of the organization

- a. vertical
- b. circumferential
- c. radial
- d. cervical

Ans - a

.....

According to Schein, there are type of career anchors

- a. two
- b. three
- c. four
- d. five

Ans - d

.....

Which of the following career anchor category, as per Schein concept, does not match?

- a. some individuals want to create something new – autonomy
- b. some individuals are not comfortable with organization life They like to start something and want to make it a success - autonomy
- c. some individuals want to create something new – creativity
- d. none of the above

Ans - a

.....

Which period give more tangible trend

- a. shorter period
- b. long period
- c. medium period
- d. none of the above

Ans - b

.....

Convertible debentures (i) Have the features of a Straight Bond (Normal), (ii) Can be exchanged for stock of the Company on a given future date, (iii) Instruments for raising long term Capital for the Company

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

At Rs. 30 demand for sugar is 500 Kg. When the price falls to Rs. 24, the demand increases to 600 Kg. The price elasticity of demand of sugar is

- a. 1
- b. 1.5
- c. 2
- d. 2.5

Ans - a

Solution :

Price Elasticity of Demand = % Change in Quantity Demanded / % Change in Price

% Change in Quantity Demanded = $100/500 \times 100 = 20$

% Change in Price = $6/30 \times 100 = 20$

Price Elasticity of Demand = $20/20 = 1$

Which of the following statements are true regarding credit derivatives products? (i) The protection buyer is the lending bank, (ii) The protection seller can be another bank or any other organization, (iii) The credit asset is transferred in case of derivatives

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - a

Which of the following are counted while computing value of compensation of employees? (i) Wages and salaries in cash, (ii) Employees contribution to PF, (iii) Rent free quarters provided to workers

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - b

Under free exchange markets the rate of foreign exchange is determined by

- a. Balance of Payments theory
- b. Mint par theory
- c. Purchasing power parity theory
- d. None of the above

Ans - a

Characteristics of economic laws are (i) Mere statements of economic tendencies, (ii) Less certain, (iii) Hypothetical

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

Interviewing all members of a given population is called

- a. a sample
- b. a Gallup poll
- c. a census
- d. a Nielsen audit

Ans - c

The use of a smoothing technique is appropriate when (i) seasonality is present, (ii) random behavior is the primary source of variation

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - b

While releasing the data relating to inflation increased by the Govt, it is observed that

- 1) The consumer price index based inflation increased to 11% and
- 2) Whole sale price index based inflation increased to 8%
- 3) The govt. claims that due to implementation of Banks Bi-partite Settlement, there is increase in demand of goods and services leading to increase in consumer prices.
- 4) Further due to increased wages and salaries, there is increase in cost of inputs leading to increase in whole-sale price index.

Answer the following questions, based on the above information.

1. The inflation caused by the the information given at point no.3 in the question, is not called as (i) Core inflation, (ii) Demand Pull inflation (iii) Cost-push inflation

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - b

2. The inflation rate of 8%, represented by the whole sale price, is called:

- a. Core inflation
- b. Headline inflation
- c. Demand Pull inflation
- d. Cost-push inflation

Ans - b

3. The inflation rate 11% represented by the consumer price, is called:

- a. Core inflation
- b. Headline inflation
- c. Demand Pull inflation
- d. Cost-push inflation

Ans - a

4. The inflation caused by the information given at point no.4 in the question, is not called as (i) Core inflation, (ii) Demand Pull inflation (iii) Cost-push inflation

- a. Only (i) and (ii)
 - b. Only (i) and (iii)
-

- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - a

.....

A formula such as net income available to common stockholders divided by common equity is used to calculate

- a. return on earning power
- b. return on investment
- c. return on common equity
- d. return on interest

Ans - c

.....

Rearrange the six steps of motivation logically.

- A. Engages in goal-directed behaviour
- B. Reassess needs deficiencies
- C. Performs
- D. Identifies needs
- E. Searches for ways to satisfy the needs
- F. Receives either rewards or punishment

- a. DFCAEB
- b. BCDEAF
- c. DEACFB
- d. ABCDEF

Ans - c

.....

A "common size" analysis implies (i) comparing firms having the same asset size, (ii) expressing income statement items as a percentage of sales, (iii) expressing balance sheet items as a percentage of total assets

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

.....

Which of the following statements are true? (i) Common-size balance sheet shows relative value of the various items, (ii) In the common size income statement, each product is represented as a percentage of the net sales figure, (iii) Common size income statements represent the various elements as a percentage of the gross profit

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - a

Which of the following is TRUE about both sides of the trial balance?

- a. Both sides are always positive
- b. Both sides are negative
- c. Both sides are equal
- d. Both sides are not linked which each other

Ans - c

People who choose clinical psychology as careers are classified as

- a. realistic oriented
- b. investigation oriented
- c. social oriented
- d. art oriented

Ans - c

Which of the following is a need that motivates human behaviour as per the achievement motivation theory? (i) Power, (ii) Affiliation, (iii) Achievement

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....
The nation wide consumer councils formed by the Government comprise of representatives of (i) Cost account and consumer, (ii) Various ministries, (iii) Manufactures of commerce

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....
In career development focus, information about individual interests and preferences is a part of

- a. training and development
- b. performance appraisal
- c. recruiting and placement
- d. human resource planning

Ans - d

.....
Which of the following is (are) the HRD score card? (i) HRD systems maturity score, (ii) Competency score, (iii) HRD competencies systems maturity score

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....
Relationship between correlation coefficient and coefficient of determination is that (i) The coefficient of determination is the coefficient of correlation squared, (ii) The coefficient of determination is the square root of the coefficient of correlation

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - a

CPI is the cost of living index popularly known as

- a. Cost –push inflation
- b. Demand – pull inflation
- c. Core inflation
- d. Headline inflation

Ans - c

Which of the following are credit risk? (i) Unwillingness of a customer to meet his commitment relating to a financial transaction with the bank, (ii) Inability of the customer to reimburse the bank in case of invocation of a guarantee or devolvement of an L.C, (iii) Inability of a customer to meet his commitment relating to a financial transaction with the bank

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

Which if the following statement is NOT true?

- a. CPI reflects the change in the level of prices of a basket of goods and services purchased/consumed by the households at the retail level.
- b. WPI reflects the change in the level of prices of a basket of goods traded between corporations at the wholesale level.
- c. GDP deflator is based on a fixed basket of goods and services and this basket is not changed according to people's consumption and investment patterns.
- d. WPI helps to monitor price movements that reflect price movements that reflect supply and demand in industry, manufacturing and construction sectors.

Ans - c

Bank calculates that its individual savings accounts are normally distributed with a mean of Rs 2000 and a standard deviation of Rs 600. If the bank takes a random sample of 100 accounts, What is the probability that the sample mean will lie between Rs 1900 and Rs 2050?

- a. 0.7492
 - b. 0.8542
 - c. 0.5357
-

d. 0.4573

Ans - a

CSO (Central Statistical Organization) classifies the industrial sector into segments.

- a. 2
- b. 3
- c. 4
- c. 5

Ans - b

Pick the incorrect statement.

- a. Bond prices and rate of interest are inversely related.
- b. If bond prices go down, rate of interest increases.
- c. If bond prices go up, rate of interest rises.
- d. If bond prices go up, rate of interest declines.

Ans - c

For a given year if an adjusted seasonal index is > 100 then for some other period it is

- a. < 100
- b. > 100
- c. $= 100$
- d. none of the above

Ans - a

Given,

- M2 - 700000 Crores
 - Currency with public - Rs. 100000 Crores
 - Demand deposit with banking system - Rs. 150000 Crores
 - Time deposits with banking system - Rs. 150000 Crores
 - Savings deposit of post office savings banks - Rs. 60000 Crores
 - All deposit with post office savings bank excluding NSCs - Rs. 50000 Crores
-

Calculate Other deposit with RBI

- a. Rs. 240000 Crores
- b. Rs. 250000 Crores
- c. Rs. 390000 Crores
- d. Rs. 400000 Crores

Ans - c

Solution :

$M2 = M1 + \text{Savings deposit of post office savings banks}$

$M1 = \text{currency with public} + \text{demand deposit with the banking system} + \text{other deposits with RBI}$

So,

$M2 = \text{currency with public} + \text{demand deposit with the banking system} + \text{other deposits with RBI} + \text{Savings deposit of post office savings banks}$

$\text{Other deposit with RBI} = M2 - \text{currency with public} - \text{demand deposit with the banking system} - \text{Savings deposit of post office savings banks}$

$\text{Other deposit with RBI} = 700000 - 100000 - 150000 - 60000$

$\text{Other deposit with RBI} = 390000 \text{ Crores}$

Pick odd man out

- a. Boom
- b. Depression
- c. Slowdown
- d. Recovery

Ans - c

Which of the following are correct regarding infrastructure project by the banks? (i) Banks are allowed to funds promoters' equity in certain circumstances, (ii) Asset liability mismatch has been permitted by RBI, (iii) IDFC provides liquidity support to banks

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - b

Which of the following is the queue processing and reordering in RTGS?

- a. FIFO
- b. Bypass FIFO
- c. FIFO with prioritization
- d. All of the above

Ans - d

What government of India does in open market operations to suck money from the market?

- a. Absorb bonds
- b. Sell bonds
- c. Increase CRR
- d. Increase interest Rate

Ans - b

A bond has been issued for a 10 year 12% coupon bond. The face value of the bond is Rs 1000.00 and the bond makes annual coupon payments. If the bond is trading at Rs 967.25 , what is the bond's yield to maturity?

- a. 12.00%
- b. 12.59%
- c. 11.26%
- d. 13.27%

Ans - a

ABC Corporation has just issued a 10 year 12% bond. The face value of the bond is Rs 1000.00 and the bond makes semiannual coupon payments. If the bond is trading at Rs 867.25, what is the bond's YTM?

- a. 12.00%
- b. 12.37 %
- c. 14.56%
- d. 10.86%

Ans - c

.....
The real return is 10% and the expected rate of return is 4.5% . What is the nominal rate of return?

- a. 4.50%
- b. 14.95%
- c. 10.00%
- d. 8.69%

Ans – b
.....

Monica purchased a bond with face value of Rs. 1000 and Coupon of 8% and maturity of 4 years. If YTM is increased by 1%, the change in price of bond would be.....

- a. 23.69
- b. 32.69
- c. 23.96
- d. 32.96

Ans - d

Explanation :

If YTM is 9%, then bond's price
 $= [80 \times (1.09^4 - 1) \div 0.09 + 1000] \div 1.09^4$
 $= 967.604$

So, change in price of the bond
 $= 1000 - 967.64$
 $= 32.96$ decrease

(Since Coupon rate < YTM, so Bond's Value < FV)
.....

In economics, fiscal policy has got two main instruments.

- a. government reserve and capital
- b. CRR and SLR
- c. Base rate and Bank rate
- d. government spending and taxation (revenue collection)

Ans - d
.....

Changes in the level and composition of taxation and government spending can have impact on the following variables in the economy. Pick up the odd one.

- a. Aggregate demand and the level of economic activity
- b. The pattern of resource allocation
- c. The proper utilization of funds
- d. The distribution of income

Ans - c

A committee was set up in January 2000 for the fiscal responsibility and budget management act(FRBM). This was headed by.....

- a. Mr. M narsimanan
- b. Dr. EAS Sharma
- c. Mr. R Raghawan
- d. Mr. AK Choudhary

Ans - b

ABC Inc has a 12 year bond outstanding that makes 9.5% annual coupon payments. If the appropriate discount rate is for such a bond is 7% , what is the appropriate price of bond ?

- a. 1254.87
- b. 1198.57
- c. 1158.57
- d. 1232.56

Ans - b

The capital that is consumed by an economy or a firm in the production process is known as

- a. Capital loss
- b. Production cost
- c. Dead-weight loss
- d. Depreciation

Ans - d

The aim of a rehabilitation programme is:

- a. To make the operations of the enterprise viable again
- b. To help in employment generation
- c. To comply with R B I guidelines
- d. To increase bank's advances

Ans - a

.....

Banks enter into compromise with borrowers in case of default, because:

- a. Recovery through legal action is time consuming
- b. Adequate security is not available
- c. Realization or security may be difficult
- d. All the above

Ans - d

.....

Maximum loan amount under housing finance to repair a house at a rural place can be Rs. ?

- a. 1 lakh
- b. 2 Lakh
- c. 5 Lakh
- d. 10 Lakh

Ans - a

.....

Suppose you start a rent-a-car business and want to buy an automobile. You have a choice of buying the car cash down for Rs 400000 or paying Rs 90000 a year for five years for the same car. What would you do, if the opportunity cost is 10 % ?

- a. Go for Cash down payment
- b. Take auto loan
- c. Cannot say
- d. NOTA

Ans - b

.....

100% FDI is permitted under a very limited number of sectors. Which of the following is one of them?

- a. retail trading and lottery business
- b. investment companies
- c. petroleum and air transport
- d. defence, insurance and asset reconstruction

Ans - a

.....

Under which of the following, 100% FDI is not permitted?

- a. retail trading and lottery business
- b. gambling and betting
- c. atomic energy
- d. print media and insurance

Ans - d

.....

FII are permitted to invest in debt instruments issued by

- a. private corporate
- b. government
- c. both a and b
- d. None of these

Ans - c

.....

Which of the following are macro level action for mitigation of credit risk? (i) Improving appraisal standards of credit proposals, (ii) Periodically reviews of the exposure norms for single and group borrowers, (iii) Frequent reviews of norms and fixing internal limits for aggregate commitments to specific sectors of the industry or business

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

.....

The economy, in which the government makes all important decisions about production and distribution, is called a economy.

- a. Laissez-faire economy
- b. Socialistic economy
- c. Command economy
- d. Either of b or c

Ans - d

Pick odd man out.

- a. Rent
- b. Interest
- c. Wages
- d. Money

Ans - d

Which one is the force behind the Supply Curve?

- a. Cost of production
- b. Technological advances
- c. Government policies
- d. All of the above

Ans - d

Priya purchased a bond with face value of Rs. 1000 and Coupon of 8% and maturity of 4 years. If YTM is reduced by 2%, the change in price of bond would be.....

- a. 63.90
- b. 69.30
- c. 36.90
- d. 39.60

Ans - b

Explanation :

If YTM = 6%, bond's price

$$= [80 \times (1.06^4 - 1) \div 0.06 + 1000] \div 1.06^4$$
$$= 1069.30,$$

So, change in price of the bond
= 1069.30 - 1000
= Rs. 69.30

.....

In capital market the erstwhile badla system is replaced by

- a. open market system
- b. outcry system
- c. option and futures
- d. Logging system

Ans - c

.....

IS curve and LM curve relates which of the two variables?

- a. Demand and supply
- b. Money and market
- c. Money and interest rate
- d. Income and rate of interest

Ans - d

.....

You bought a 5 year Zero Coupon bond with a Rs 1000 face value for Rs 735.67. What is the YTM of this bond?

- a. 10.36%
- b. 6.33%
- c. 4.69%
- d. 8.18%

Ans - b

.....

Given,

Currency with public - Rs. 90000 Crores
Demand deposit with banking system - Rs. 180000 Crores
Time deposits with banking system - Rs. 220000 Crores

Other deposit with RBI - Rs. 260000 Crores
Savings deposit of post office savings banks - Rs. 60000 Crores
All deposit with post office savings bank excluding NSCs - Rs. 50000 Crores

Calculate broad money M3.

- a. Rs. 490000 Crores
- b. Rs. 530000 Crores
- c. Rs. 570000 Crores
- d. Rs. 750000 Crores

Ans - d

Solution :

M1 = currency with public + demand deposit with the banking system + other deposits with RBI

M1 = 90000+180000+260000

M1 = 530000

M3 = M1+Time deposit with banking system

So,

M3 = 530000+220000

M3 = 750000 Crores

The finance minister is required to keep parliament informed through reviews on the implementation and to take corrective measures if the reviews show deviations.

- a. Halfyearly review
- b. Annual reviews
- c. Monthly review
- d. Quarterly review

Ans - d

Microeconomics is concerned with the behaviour of ...

- a. GDP
- b. Individual Firms
- c. Employment
- d. All the above

Ans - b

Which of the following statements are correct for project appraisal? (i) Capacity of promoters to arrange for additional funds, in case of contingencies, forms a part of economic appraisal, (ii) The contribution of promoters forms a part of economic appraisal, (iii) Promoters' background is part of the management appraisal

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

..... is learning for growth of the individual not related to a specific present or future job.

- a. Training
- b. Education
- c. Development
- d. Motivation

Ans - c

Mr. Ram is working in ABC Corp., since last 30 years. Now he is at an age of 59 due to his old age he is unable to complete his social and biological roles and feeling unwanted and uselessness, the condition of Mr. Ram is said to be...

- a. Guilt
- b. Inferiority
- c. Isolation
- d. Dispair

Ans - d

KPA stands for...

- a. Key Performance Areas
- b. Knowledge, Performance and Attitude
- c. Knowledge, potential and Achievement
- d. None of the above

Ans - a

The education model available for education of children is called

- a. Andragogy
- b. Cognitive
- c. Pedagogy
- d. Minorology

Ans - c

.....

To control employee behavior at work place as daydreaming, forgetfulness, absenteeism, tardiness, sabotage, alcoholism and drug abuse can be analysed through...

- a. Through Trait theory
- b. Through psychoanalytical studies
- c. Through self concept theory
- d. Through Social learning theory

Ans - b

.....

Which of the following is not an unsatisfactory sign in conduct of the account of the borrower?

- a. Delay in payment of interest or installments
- b. routing of transactions with some other bank
- c. Frequent over drawings
- d. High turnover

Ans - d

.....

Which of the following are correct regarding term loans by the banks? (i) Asset liability matching is an important consideration in term financing, (ii) Current ratio is the most important ratio in appraisal of a term loan, (iii) Installment of term loan, payable within one year is considered as current liability

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - b

.....

Which of the following is not the purpose credit audit?

- a. Improvement in the quality of credit portfolio
- b. Review sanction process and compliance status of large loans
- c. Feedback on regulatory compliance
- d. Stock inspection

Ans - d

Purpose of appointing bank's nominee on company's board of borrowing company is:

- a. To keep a tab on the important decisions of the board
- b. To be a part of the management
- c. To guide the company for better working
- d. To safeguard the securities charged to the bank

Ans - a

Which of the following is not correct for SFMS?

- a. Uses Text messages
- b. Uses server signing PKCs
- c. Uses server encryption PKCs
- d. Access can be restricted to HTTPS

Ans - a

Which of the following is not the type of smart cards?

- a. Stored Value Cards
- b. Re-loadable and disposable cards
- c. Closed and open stored value cards
- d. None of these

Ans - d

In RTGS, IDL is

- a. Intra Day Liquidity
 - b. Inter-bank Debit List
-

- c. Instrument Debit List
- d. None of these

Ans - a

.....

FEDWIRE is a

- a. Net settlement system
- b. Gross Settlement system
- c. Deferred net settlement system
- d. Deferred gross settlement system

Ans - b

.....

LM curve is derived from

- a. Classical theory
- b. Keynesian liquidity preference theory of interest
- c. Law of diminishing marginal utility
- d. Law of equimarginal utility

Ans - b

.....

Underemployment of both men and materials is a characteristic of which phase?

- a. Depression
- b. Boom
- c. Recovery
- d. Recession

Ans - a

.....

Which phase of the business cycles also known as the crisis?

- a. Boom
- b. Depression
- c. Recovery
- d. Recession

Ans - d

.....

Analysis of any financial Statement comprises (i) Balance sheet, (ii) P&L Account, (iii) Trading account

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

A company can translate mission into strategic objectives by doing (i) Vertical integration, (ii) Diversity, (iii) Geographic coverage

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

Re-assignment of work, related to job in another part of organization, at similar position is called

- a. promotions
- b. transfers
- c. reality shock
- d. formal training

Ans - b

Which are the factors by which the process of job design can be affected? (i) Organisational, (ii) Environmental, (iii) Behavioural

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

People having investigative personality often choose profession as (i) physicians, (ii) psychologists, (iii) R&D managers

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

“Money is a matter of functions four, a medium, a measure, a standard and”. What is the fourth function of money indicated in this popular phrase?

- a. A stock
- b. A flow
- c. A store
- d. A payment

Ans - c

Which among the following may be considered as a significant cause of low agriculture productivity in India?

- a. Defective tenancy reforms
- b. Lack of enthusiasm among farmers
- c. Conservative social systems
- d. Absence of agricultural inputs to raise productivity

Ans - a

A college is expecting that there is likely to be 20 to 25 students for fresh admission this year. It is then called(i) Point estimate, (ii) Final estimate

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - b

..... seeks to examine the goals of the organisation and the trends that are likely to affect these goals.

- a. Organisational Support
- b. Organisational analysis
- c. Person analysis
- d. Key skill abilities analysis

Ans - b

Which ONE of the following is the best - but an often unused - way to decide on sample size?

- a. By using industry standards
- b. By calculation
- c. By building blocks
- d. By budget available

Ans - b

Suppose men always married women who were 10 percent shorter than they were. The correlation coefficient of the heights of married couples would be

- a. 0.10 if the correlation were computed with corr (male.height, female.height)
- b. -0.10 if the correlation were computed with corr (female.height, male.height)
- c. 0.10 no matter which way the correlation were computed
- d. 1.0 since the height of the man is always predictable from the height of the woman

Ans - d

Multiplicative model for time series is $Y=...$

- a. T-S-C-I
- b. T+S+C+I
- c. $T \times S \times C \times I$
- d. None

Ans - c

A coefficient of correlation is computed to be -0.95 means that

- a. The relationship between two variables is weak
-

- b. The relationship between two variables is strong and positive
- c. The relationship between two variables is strong and but negative
- d. Correlation coefficient cannot have this value

Ans - c

.....

A sample statistic which is used for estimating a population parameter is called (i) Estimate, (ii) Estimator

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - b

.....

Which of the following is the second law of Gossen?

- a. Law of equi-marginal utility
- b. Law of equi-product
- c. Theory of indifference curve
- d. Law of diminishing marginal utility

Ans - a

.....

The fact that wants cannot be fully satisfied with available resources reflects the definition of

- a. the what tradeoff
- b. scarcity
- c. the big tradeoff
- d. for whom to produce

Ans - b

.....

Target coaching, work planning, mutual goal setting and performance objectives are all terms used to specify concept called

- a. behavioral rating approach
 - b. management by objectives
 - c. combination method
-

d. critical incident method

Ans - b

.....

Fourth step in process of management by objective is to

- a. guided setting of objective
- b. ongoing performance discussion
- c. review job and agreement
- d. develop performance standards

Ans - b

.....

Payments made to employees for amount of time in which employee has worked are classified as

- a. variable pay
- b. salaries
- c. base pay
- d. wages

Ans - c

.....

In employee training, second stage for trainee's on-the-job training is to

- a. present information
- b. prepare learners
- c. do follow up
- d. practice of trainee

Ans - a

.....

When person's performance is neither satisfactory nor correctable is

- a. satisfactory-promotable interview
- b. satisfactory-not promotable interview
- c. unsatisfactory-correctable interview
- d. unsatisfactory-uncorrectable interview

Ans - d

.....

The three important components in aligning business strategy with HR practice

- a. Business Strategy, Human Resource Practices, Organisational Capabilities*
- b. Marketing Strategy, Human Resource Practices, Organisational Capabilities
- c. Business Strategy, Human Resource Practices, Organisational structure
- d. Marketing Strategy, Human Resource Practices, Organisational structure

Ans - a

.....

The evaluation of training is done at 4 levels. At one of these levels, the participants learn knowledge, skills and attitudes about the subject matter, which is evaluated through some test conducted before and after the training. This level is called:

- a. reaction level
- b. learning level
- c. behavior level
- d. functioning level

Ans - b

.....

A 38-year-old woman quits her high-paying marketing job to focus on her children and become a school counselor. What stage would Erikson consider this to be?

- a. Identify vs. Role Confusion
- b. Generativity vs. Stagnation
- c. Ego Integrity vs. Despair
- d. Industry vs. Inferiority

Ans - b

.....

The training needs can be identified by an organization on the basis of (i) performance appraisal (ii) productivity norms fixed by the organization (iii) larger rejects for the job done by the employee

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

The three phases of recruitment process are

- a. Planning, Implementing, Evaluating
- b. Planning, Implementing, Screening
- c. Planning, Implementing, Enrichment
- d. Planning, Screening, Evaluating

Ans - a

While conducting the training programs, which of the following methodology is used? (i) lectures and experimental lectures, (ii) reading and discussions, (iii) case studies and role plays

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

Each stage in a Erikson's model of psychosocial development can be characterized by

- a. A period of creative tension
- b. An achievement scale for growth
- c. A different psychological crisis
- d. a and c

Ans - d

The trainer in a bank should be

- a. practicing managers only
- b. operational people only
- c. specialists recruited as core faculty only
- d. a mix of practicing managers, operational people and specialist recruited as core faculty.

Ans - d

The persistent tendency to feel and behave in a particular way, towards some object, is called

- a. behavior
-

- b. attitude
- c. habit
- d. any of the above

Ans - b

.....

Which of the following components of attitude, involve the feeling of an employee or their affect-positive, neutral or negative-about an object?

- a. emotional
- b. informational
- c. behavioral
- d. all the above

Ans - a

.....

Which of the following function is served by the attitudes? (i) the adjustment function, (ii) the ego-defensive function, (iii) the value-expression function

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

Which of the following can play a great role in attitude change? (i) friends, (ii) peers, (iii) opinion leaders

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - a

.....

The fluctuations which complete the whole sequence of change within the span of a year or has some pattern year after year is known as

- a. secular trend
 - b. seasonal variation
-

- c. cyclical fluctuation
- d. none of the above

Ans - b

.....

Cyclical fluctuations are also known as

- a. oscillatory variations
- b. business cycle fluctuations
- c. either a or b
- d. none of the above

Ans - c

.....

The period of moving average is to be decided on the basis of

- a. length of the cycle
- b. policies of the company
- c. both the above
- d. none of the above

Ans - a

.....

Treasury securities are

- (i) Debt obligations of the Government, issued by the treasury department,
- (ii) They are backed by the full faith and credit of the government,
- (iii) They are considered to be free of default risk

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

Which of the following is true about the Yield rate of bonds? (i) It varies inversely with changes in the bond's market price, (ii) It is the bond rate at bond maturity, (iii) It is computed in the same manner as Dividend yield on stocks

- a. Only (i) and (ii)
 - b. Only (i) and (iii)
-

- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - a

.....

Method of least squares is

- a. flexible in nature
- b. non-flexible in nature
- c. semi-flexible in nature
- d. none of the above

Ans - a

.....

In shifting the trend origin, the value of 'b'

- a. changes
- b. remains unchanged
- c. badly fluctuates
- d. None of the above

Ans - b

.....

In calculating a country's GNP at market prices one of the following is not included

- a. Depreciation
- b. Net factor income from abroad
- c. Net indirect taxes
- d. Transfer Payment

Ans - d

.....

At full employment level, which of the following would be most likely to lead to inflation?

- a. A fall in taxation with no changes in government expenditure
- b. An increase in productivity without any increase in wages
- c. A fall in investment with no change in prosperity to consumer
- d. A rise in the prosperity to save with no change in investment

Ans - a

.....

Cash = Rs 50000/-
Debtors = Rs 100000/-
Inventories = Rs 150000/-
Current liabilities = Rs 100000/-
Total current assets = Rs 300000/-
The quick ratio = ?

- a. 1.5:1
- b. 2:1
- c. 3:1
- d. 3:2

Ans - a

Let me Explain

Since Quick ratio = Quick asset / CL

Here Quick asset = CA- Inventory

Now CA= (Cash + Debtor.....etc) = Rs 300000/-

Here inventories = 150000/-

CL = 100000/-

Hence QR= 150000/100000

i.e 1.5:1

Which of the following are micro level action for mitigation of credit risk? (i) Improving sanctioning and delivering process, (ii) Obtention of collateral security, (iii) Monitoring and review of individual proposals/categories of proposals

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

The Concept of career path relates to of movements and deciding the for each stage.

- a. Sequence, time period
- b. Number, candidates
- c. Decision, number
- d. Type, time period

Ans – a

Johari Window is most useful for

- a. Understanding others
- b. Self-Awareness
- c. Working in Teams
- d. Improving inter-personal relations

Ans - b

Current ratio of a unit is 2:1 and quick ratio is 1:1. The level of current assets is Rs 20 lac. Find out the amount of quick asset.

- a. Rs 8 lac
- b. Rs 10 lac
- c. Rs 12 lac
- d. Rs 15 lac

Ans - b

Let me Explain

Since CR = CA: CL
CR = CA:CL = 2:1
i.e. 20:CL = 2:1
i.e. CL = 10 lac
Now QR = 1:1
Since QR = Quick asset/CL (here quick asset is CA-Inventory)
Hence QA = CL ~ 10 lac

Total assets is Rs 20 lac, current liabilities Rs 10 lac and capital and reserves Rs 4 lac. What is the debt-equity ratio?

- a. 1:1
- b. 1.25:1
- c. 1.5:1
- d. 1.75:1

Ans - c

Let me Explain

As per Balance sheet rule,

.....
Total assets = Total liabilities

Since total assets here is Rs 20 lac hence total liabilities must be 20 lac.

Now Long term debt = $20 - (10 + 4) = 6$ lac

and capital + reserve (TNW i.e tangible net worth) = 4 lac

Since DER = TL/TNW or debt/ equity or TL/equity

Hence $6/4 = 1.5$
.....

A 10%, 6-years bond, with face value of Rs. 1000 has been purchased by Mr. x for Rs. 900. What is his yield till maturity?

- a. 12.47
- b. 14.27
- c. 11.74
- d. 11.27

Ans - a

Explanation :

Here,

FV = 1000

CR = 10%

R (YTM) = ?

T = 6 years

Coupon = FV × CR = 100

Bond's price = 900

Since FV > Bond's Value, Coupon rate < YTM (based on above three observations)

So, we have to use trial and error method. We have to start with a value > 10 and find the price until we get a value < 900.

Bond Price = $(1/(1+R)^t)((\text{coupon} * ((1+R)^t - 1)/R) + \text{Face Value})$

So,

If YTM = 11%, price = 957.69 (> 900, so keep guessing)

If YTM = 12%, price = 917.78 (> 900, so keep guessing)

If YTM = 13%, price = 880.06 (< 900, so stop)

So, YTM must lie between 12 and 13.

So, using interpolation technique,

YTM

= $12 + (917.78 - 900) \div (917.78 - 880.06)$

= $12 + 17.78 \div 37.72$

= 12.47%
.....
.....

..... theories hold that the learner is passive in the process of learning.

- a. Cognitive Theories
- b. Behaviourist Theories
- c. Organismic Theories
- d. Humanistic Theories

Ans - b

Left hemisphere controls right side of body and controls all except one. Pick up the odd one.

- a. Sequential ordering
- b. Complex motor sequences pattern
- c. Simultaneous
- d. Dominant

Ans - c

Working capital turn over ratio is 4 and current ratio is 3:1. If current liabilities are Rs 30 lac and net profit to sales percent 5% . What is the amount of net profit?

- a. Rs 12 lac
- b. Rs 15 lac
- c. Rs 18 lac
- d. Rs 24 lac

Ans - c

Let me Explain

CR = 3:1

Liabilities = 30 lac

Hence current asset will be 90 lac

Now since wc turn over is 4 that means the total turn over will be $90 \times 4 = 360$ lac

Then profit should be $360 \times 5\% = 18$ lac

Which theory of personality believes that the traits of a person which determine his personality and behavior, are basically inherent to a person.

- a. Psycho-analytical theory
 - b. Trait Theory
-

- c. Self concept theory
- d. Social learning theory

Ans - b

..... theory of personality believes that the personality development is more a result of social variables than biological factors.

- a. Psycho-analytical theory
- b. Trait Theory
- c. Self concept theory
- d. Social learning theory

Ans - d

Split brain (right vs left) psychology is closely related to ESB. Which of the following is controlled by the left side of the brain? (i) speech, (ii) emotions, (iii) reading and writing

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - b

Union formations were seen in the phase of development of HRM.

- a. First phase
- b. Second Phase
- c. Third phase
- d. Unions have been present even before HRM came in to existence

Ans - a

A sales man in a shop showed a suit piece and told the customer that the cloth is very good, but costly. He was using the following transaction:

- a. Duplex
 - b. Angular
 - c. Complementary
-

d. None of the above

Ans - b

A prominent politician was heard saying that that people state was incapable of joining the army. He was

- a. Stereotyping
- b. Projecting
- c. Hallucinating
- d. All of the above

Ans - a

Demand Schedule is the relationship between (i) Price, (ii) Demand, (iii) Quantity bought

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - b

Which of the following statements are correct? (i) Human wants are unlimited, (ii) Means to satisfy human wants are unlimited, (iii) Means or resources have alternative uses

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - b

Go through the following data and answer the question (all in Indian Rupees in Crores)

1. Consumptions - Rs. 50000
 2. Gross investment - Rs. 40000
 3. Govt spending - Rs. 10000
 4. Export - Rs. 90000
 5. Import - Rs. 60000
-

- 6. Taxes - Rs. 5000
- 7. Subsidies(on production and import) - RS. 1000
- 8. Compensation of employee - Rs. 500
- 9. Property Income - Rs. 500
- 7,8,9 - Net receivable from aboard
- 10.Total capital gains from overseas investment - Rs. 1500
- 11.Income earned by foreign national domestically - Rs. 500

Calculate GDP

- a. Rs. 100000
- b. Rs. 110000
- c. Rs. 120000
- d. Rs. 130000

Ans - d

Solution :

$$\begin{aligned} \text{GDP} &= \text{Consumption} + \text{Gross investment} + \text{Government spending} + (\text{Exports} - \text{Imports}) \\ \text{GDP} &= C+I+G+(X-M) \\ &= 50000+40000+10000+(90000-60000) \\ &= 130000 \end{aligned}$$

Calculate Inflation, if Price index in current year is 12 and price index in base year is 10.

- a. 20
- b. 25
- c. 30
- d. 35

Ans - a

solution :

$$\begin{aligned} \text{Inflation} &= (\text{price index in current year}-\text{price index in base year})/(\text{price index in base year})*100 \\ &= (12-10)/10*100 \\ &= 2/10*100 \\ &= 20 \end{aligned}$$

..... is not a measure of level of prices of all new, domestically produced final goods and services in an economy. (i) WPI, (ii) GDP deflator, (iii) CPI

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - b

Ram purchased two bonds bond-1 & bond-2 with face value of Rs. 1000 each and Coupon of 8% and maturity of 4 years & 6 years respectively. If YTM is increased by 1%, the % change in prices of bond-1 & bond-2 would be

- a. 2.39 & 4.84
- b. 3.29 & 4.84
- c. 3.29 & 4.48
- d. 2.39 & 4.48

Ans - c

Explanation :

$$\text{Bond Price} = (1/(1+R)^t)((\text{coupon}*((1+R)^t-1)/R)+\text{Face Value})$$

Bond 1:

If YTM is 9%, then bond's price
 $= [80 \times (1.09^4 - 1) \div 0.09 + 1000] \div 1.09^4$
 $= 967.64$

Bond 2:

If YTM is 9%, then bond's price
 $= [80 \times (1.09^6 - 1) \div 0.09 + 1000] \div 1.09^6$
 $= 955.14$

So, % change in price of bond 1

$$= (1000 - 967.04) \div 1000$$
$$= 0.03296$$
$$= 3.29\%$$

& % change in price of bond 2

$$= (1000 - 955.14) \div 1000$$
$$= 0.04486$$
$$= 4.48\%$$

..... % of small enterprises advances should go to micro enterprises in case of foreign banks.

- a. 20
- b. 40
- c. 60
- d. 80

Ans – c

.....

Small enterprises advance and export credit does not financed by both public sector and PSU (export does not comes under priority sector advance). What percentage of small enterprises advance and export credit is supposed to be given and respectively?

- a. 40 and 32 %
- b. 18 and 10%
- c. 10 and 12%
- d. no target and 12%

Ans - c

.....

RBI to free the lending rates of scheduled commercial banks for credit limit over

- a. 01 Lakh
- b. 02 Lakh
- c. 05 lakh
- d. 10 Lakh

Ans - b

.....

MR. Rohit want to invest some money in XYZ co., he wants to purchase some stocks of this co. How can Mr. Rohit assess the financial statement of the XYZ co.?

- a. by balance sheet
- b. by EPS
- c. by financial statement
- d. all

Ans - d

.....

As per company act the maximum period of financial period is 15 months, MR Charles is GM of ABC co. due to some contingency he is unable to prepare his Financial statement. So he wants to extend his financial to another 03 months i.e 18 months maximum period of financial statement. MR Charles has to approach to whom for such extension.

- a. Income Tax office
- b. Reserve bank of India
- c. Accountant general of region
- d. Registrar of company

Ans - d

Cash = Rs 50000/-
Debtors = Rs 100000/-
Inventories = Rs 150000/-
Current liabilities = 100000/-
Total current assets = 300000/-
Quick Ratio = ?

- a. 1:1
- b. 1.5:1
- c. 1.75:1
- d. 2:1

Ans - b

Which one is the force behind the Supply Curve?

- a. Cost of production
- b. Technological advances
- c. Government policies
- d. All of the above

Ans - d

Capital is Rs 180, Reserves Rs 20, term loan Rs 300, Bank cash credit Rs 200, trade creditors Rs 50, provisions Rs 50/-, net fixed assets Rs 400, inventories Rs 150, cash Rs 50, Receivables Rs 150, goodwill Rs 50. What is current ratio?

- a. 1
- b. 1:1.17

- c. 1.17:1
- d. 2

Ans - c

$$CA = 50 + 150 + 150 = 350$$

$$CL = 200 + 50 + 50 = 300$$

$$CR = CA : CL = 350 : 300$$

i.e 1.17:1

Which of the following is an external factor affecting credit risk?

- a. Government policies
- b. Faulty loan and repayment structuring
- c. Overexposure (concentration) of credit to a particular segment
- d. Lack of an efficient recovery machinery

Ans - a

What bank should do to avoid asset-liability maturity mismatch that may arise out extending long tenor to infrastructure projects ?

- a. Return on investment
- b. Break- even analysis
- c. Liquidity support from IDFC
- d. Take-out financing arrangement

Ans - d

Narrow Money consists of (i) Time deposits, (ii) Currency with the Public Demand Deposits, (iii) Other Deposits with the RBI

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

..... rate of interest which a central bank charges on the loans and advance that it extends to commercial banks and other financial intermediaries.

- a. Base rate
- b. Bank rate
- c. CRR
- d. Repo rate

Ans - b

The famous book "The Landmarks of Tomorrow" is written by

- a. AK Rice
- b. Peter F Drucker
- c. Shiv Khera
- d. Abraham Maslow

Ans - b

Money Supply refers to

- a. The amount of money in banks
- b. The amount of money with the people
- c. The amount of money in circulation in an economy
- d. None of the above.

Ans - c

In capital market, the screen based system is replaced by.....

- a. book keeping sys
- b. logging system
- c. Open cry system
- d. Tele phonic System

Ans - c

The equilibrium price is also known as

- a. Market price

- b. Optimum price
c. Real price
d. Market-clearing price

Ans - d

The cash flow expected from a project is Rs. 700, Rs. 1000 and Rs. 1200 in the 1st, 2nd, & 3rd year. The discounting factor @ 10% roi is 1.10, 1.21 and 1.331. What is the total present value of these cash flows?

- a. 3264
b. 3246
c. 2346
d. 2364

Ans - d

Explanation :

$$\begin{aligned} \text{NPV} &= \sum \{C \div (1+r)^T\} - 1 \\ \text{Total Present Value} &= \sum \{C \div (1+r)^T\} \\ &= (700 \div 1.1) + (1000 \div 1.21) + (1200 \div 1.331) \\ &= \text{Rs. } 2364 \end{aligned}$$

Macro Economics does not deal with

- a. GDP
b. Unemployment Rates
c. Individual Firms
d. Price Indices

Ans - c

Priyanka made an investment of Rs. 18000 and he expects a return of Rs. 3000 p.a. For 12 years. What is the present value and net present value of the cash flow @ 10% discount rate?

- a. 2114
b. 2414
c. 2441
d. 2141

Ans - c

Explanation :

$$PV = 20441$$

$$NPV = PV - 18000$$

$$= \text{Rs. } 2441$$

Laissez-faire economy is

- a. The extreme case of a market economy
- b. The extreme case of a command economy
- c. The extreme case of a mixed economy
- d. None of these

Ans - a

Which of the following equations is correct?

- a. $\text{GDP at factor cost} = \text{GDP at market prices} - \text{indirect taxes} - \text{subsidies}$
- b. $\text{GDP at factor cost} = \text{GDP at market prices} - \text{indirect taxes} + \text{subsidies}$
- c. $\text{GDP at factor cost} = \text{GDP at market prices} + \text{indirect taxes} - \text{subsidies}$
- d. $\text{GDP at factor cost} = \text{GDP at market prices} + \text{indirect taxes} + \text{subsidies}$

Ans - b

Forces behind the supply curve

- a. Cost of production
- b. Technological advances
- c. Government policies
- d. All of the above

Ans - d

Supply curves relates quantity supplied to

- a. Supply
 - b. Demand
 - c. Price
-

d. Demand

Ans - c

.....

Narrow money is not indicated by (i) M1, (ii) M2, (iii) M3

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

.....

Calculate broad money M3

Currency with public- Rs 100000
Demand deposit with banking sys-Rs 200000
Other deposit with RBI- Rs 200000
Savings deposit of post office savings banks- Rs40000
Time deposits with banking sys-Rs 200000
All deposit with post office banking sys including Rs 40000 of NSC total-Rs 100000

- a. Rs 500000
- b. Rs 700000
- c. Rs 800000
- d. Rs 900000

Ans - b

.....

In capital market the erstwhile badla system is replaced by

- a. open market system
- b. out cry system
- c. option and futures
- d. Logging system

Ans -c

.....

Expand F R B M Act

- a. Fiscal Responsibility and Business Management Act
- b. Fiscal Role and Budget Management Act
- c. Fiscal Role and Business Management Act
- d. Fiscal Responsibility and Budget Management Act

Ans - d

A loan for which only interest is paid during its repayment period while the principal is repaid at the end is called ...

- a. Term loan
- b. Interest demand loan
- c. Lumpsum payment loans
- d. Balloon repayment loan

Ans - d

Pick odd man out

- a. Loans to Public Enterprises
- b. Pensions
- c. Subsidies
- d. Police

Ans - a

I start saving Rs. 1 lakh for the next 4 years. If the interest rate is 10 percent pa, how much will I get at the end of 4 years?

- a. Rs. 4,46,100
- b. Rs. 4,61,400
- c. Rs. 4,64,100
- d. Rs. 4,14,600

Ans - c

A constant flow paid or received at regular time intervals is known as...

- a. Annuity
- b. Perpetuity
- c. Growing annuity
- d. Growing perpetuity

Ans - a

Money has a time value is shown by which of the following concept.

- a. Market value
- b. Face value
- c. Present Value
- d. b & C

Ans - c

A border patrol checkpoint that stops every passenger van is using

- a. Simple random sampling
- b. Systematic sampling
- c. Stratified sampling
- d. Complete enumeration

Ans - d

A population having a stated or limited size is called as...

- a. Limited Population
- b. Infinite Population
- c. Finite Population
- d. unlimited Population

Ans - c

Value today of Re.1 to be received in future is called

- a. Present value
 - b. Compounded factor
-

- c. Discount factor
- d. Yield factor

Ans - c

.....

In random sampling, we can describe mathematically how objective our estimates are. Why is this?

- a. We always know the chance that any population element will be included in the sample
- b. Every sample always has an equal chance of being selected
- c. All the samples are exactly the same size and can be counted
- d. both a and b

Ans - d

.....

Pick odd man out

- a. Customs
- b. Service Tax
- c. Interest Receipts
- d. Income Tax

Ans - c

.....

The average growth rate of Indian economy over a period of 25 years since 1980-81 was about

- a. 3 to 4 per cent
- b. 6 per cent
- c. 9 per cent
- d. 12 per cent

Ans - b

.....

Expand O M O

- a. Open Market Operations
- b. Open Market Organization
- c. Open Monetary Operations
- d. None of the above

Ans – a

.....

From the following balance sheet of ABC Co. Ltd. as on March 31, 2017. Calculate

I. Equity and Liabilities - 7,00,000

1. Shareholders' funds

- a) Share capital 4,00,000
- b) Reserves and surplus 1,00,000

2. Non-current Liabilities

Long-term borrowings 1,50,000

3. Current Liabilities 50,000

II. Assets - 7,00,000

1. Non-current Assets

- a) Fixed assets 4,00,000
- b) Non-current investments 1,00,000

2. Current Assets 2,00,000

1. Debts

- a. Rs. 1,50,000
- b. Rs. 5,00,000
- c. Rs. 5,50,000
- d. Rs. 6,50,000

2. Equity

- a. Rs. 1,50,000
- b. Rs. 5,00,000
- c. Rs. 5,50,000
- d. Rs. 6,50,000

3. Capital Employed

- a. Rs. 1,50,000
- b. Rs. 5,00,000
- c. Rs. 5,50,000
- d. Rs. 6,50,000

4. Debt-Equity Ratio

- a. 0.23 : 1
- b. 0.3 : 1
- c. 0.71 : 1
- d. 4.67 : 1

5. Total Assets to Debt Ratio

- a. 0.23 : 1
- b. 0.3 : 1
- c. 0.71 : 1
- d. 4.67 : 1

6. Proprietary Ratio

- a. 0.23 : 1
- b. 0.3 : 1
- c. 0.71 : 1
- d. 4.67 : 1

7. Debt to Capital Employed Ratio

- a. 0.23 : 1
- b. 0.3 : 1
- c. 0.71 : 1
- d. 4.67 : 1

Solution:

1. a

Debt = Long-term borrowings
= Rs. 1,50,000

2. b

Equity = Share capital + Reserves and surplus
= Rs. 4,00,000 + Rs. 1,00,000
= Rs. 5,00,000

3. d

Capital Employed = Shareholders' Funds + Long-term borrowings
= Rs. 5,00,000 + Rs. 1,50,000
= Rs. 6,50,000

4. b

$$\begin{aligned}\text{Debt-Equity Ratio} &= \text{Debts} / \text{Equity} \\ &= \text{Rs. } 1,50,000 / \text{Rs. } 5,00,000 \\ &= 0.3 : 1\end{aligned}$$

5. d

$$\begin{aligned}\text{Total Assets to Debt Ratio} &= \text{Total assets} / \text{Long term debts} \\ \text{Total Assets} &= \text{Fixed assets} + \text{Non-current investments} + \text{Current assets} \\ &= \text{Rs. } 4,00,000 + \text{Rs. } 1,00,000 + \text{Rs. } 2,00,000 = \text{Rs. } 7,00,000 \\ \text{Long-term Debt} &= \text{Rs. } 1,50,000\end{aligned}$$

$$\begin{aligned}\text{Total Asset to Debt Ratio} &= \text{Rs. } 7,00,000 / \text{Rs. } 1,50,000 \\ &= 4.67 : 1\end{aligned}$$

6. c

$$\begin{aligned}\text{Proprietary Ratio} &= \text{Shareholders' Funds} / \text{Total Assets} \\ &= \text{Rs. } 5,00,000 / \text{Rs. } 7,00,000 \\ &= 0.71 : 1\end{aligned}$$

7. a

$$\begin{aligned}\text{Debt to Capital Employed Ratio} &= \text{Long - term debts} / \text{Capital Employed} \\ \text{Capital Employed} &= \text{Shareholders' Funds} + \text{Long-term borrowings} \\ &= \text{Rs. } 5,00,000 + \text{Rs. } 1,50,000 \\ &= \text{Rs. } 6,50,000\end{aligned}$$

$$\begin{aligned}\text{Debt to Capital Employed Ratio} &= \text{Long - term debts} / \text{Capital Employed} \\ &= \text{Rs. } 1,50,000 / \text{Rs. } 6,50,000 \\ &= 0.23 : 1\end{aligned}$$

When the price of a good is

- a. below the equilibrium price, quantity supplied exceeds quantity demanded and price rises
- b. below the equilibrium price, quantity demanded exceeds quantity supplied and price falls
- c. above the equilibrium price, quantity supplied exceeds quantity demanded and price falls
- d. above the equilibrium price, quantity demanded exceeds quantity supplied and price rises

Ans - c

The actual achievements compared with the objectives of the job is

- a. Job performance
 - b. Job evaluation
-

- c. Job description
- d. None of the above

Ans - a

.....

During which of the following stage, the firm identifies and confirms the overall business direction?

- a. Clarification
- b. Monitoring
- c. Assessment
- d. Design

Ans - a

.....

360-Degree Feedback enhances the quality of decisions. (i) HR, (ii) Management, (iii) HRD

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

Large recruitment problematic and vice-versa

- a. Less
- b. More
- c. Any of the above
- d. None of the above

Ans - a

.....

The process of analyzing jobs from which job descriptions are developed are called

- a. Job analysis
- b. Job evaluation
- c. Job enrichment
- d. Job enlargement

Ans - a

.....

.....
The following is (are) not concerned with developing a pool of candidates in line with the human resources plan (i) Recruitment, (ii) Development, (iii) Training

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

.....
Distinct task of staff manager is to

- a. Advise other employees
- b. Evaluating performance
- c. Issuing orders to others
- d. Appraising performance

Ans - a

.....
The process which is continuous and stops only when the organisation ceases to exist

- a. Training
- b. Job evaluation
- c. Hiring
- d. All of the above

Ans - c

.....
The whole process of conducting a 360 – Degree Feedback process in any Organisation could last about

- a. 1.5 to 3 months
- b. 3 to 6 months
- c. 6 to 9 months
- d. 9 to 12 months

Ans - a

Under point method, factor(s) generally considered are

- a. Skill, effort, Accountability
- b. Skill, job enrichment, accountability
- c. Wage, job enrichment, accountability
- d. Wage effort, accountability

Ans - a

.....

Generally in chain of command, no one can issue orders outside their own department is

- a. staff managers
- b. line managers
- c. CEO
- d. none of above

Ans - a

.....

..... appraisal done separately will provide feedback on the potential of these managers.

- a. Potential
- b. Managerial
- c. General
- d. Administrative

Ans - a

.....

In the Grid Seminars, stress is laid on

- a. Teaching
- b. Professionalism
- c. Training & Development
- d. All of the above

Ans - a

.....

HRD process variable include (i) Role clarity, (ii) Work planning, (iii) Better communication

- a. Only (i) and (ii)
 - b. Only (i) and (iii)
-

- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

Point system and factor comparison methods are placed under such category.

- a. Non-quantitative job evaluation
- b. Quantitative job evaluation
- c. Any of the above
- d. None of the above

Ans - b

.....

Who wrote The Wealth of Nations?

- a. Thomas Jefferson
- b. Karl Marx
- c. Adam Smith
- d. Michael Parkin

Ans - c

.....

An incentive

- a. could be a reward but could not be a penalty
- b. could be a penalty but could not be a reward
- c. could be either a reward or a penalty
- d. is the opposite of a tradeoff

Ans - a

.....

Which theory is generally included under micro economics?

- a. Price Theory
- b. Income Theory
- c. Employment Theory
- d. None of the above

Ans – a

.....

Which among below is NOT a correct statement?

- a. Bretton Woods conference gave birth to two international organizations
- b. Theory of Absolute Advantage in international trade is given by Adam Smith
- c. Pure and perfect competition is the same market structures
- d. Mint par theory of exchange rate determination is applicable in countries under gold standard

Ans - c

Marginal utility is equal to average utility at that time when average utility is

- a. Increasing
- b. Maximum
- c. Falling
- d. Minimum

Ans - b

Which among the following is NOT a correct statement?

- a. Welfare economics is based on value judgements
- b. Welfare economics is also called 'economics with a heart'
- c. Welfare economics focuses on questions about equity as well as efficiency
- d. The founder of Welfare economics was Alfred Marshall

Ans - d

A decrease in the quantity supplied is represented by a

- a. movement down the supply curve
- b. movement up the supply curve
- c. rightward shift in the supply curve
- d. leftward shift in the supply curve

Ans - a

The programme once installed must be continued on a permanent basis.

- a. Job evaluation
 - b. Training & Development
-

- c. Recruitment
- d. All of the above

Ans - a

.....

In growing organization, specialized staff is needed by

- a. Line manager
- b. HR manager
- c. Staff manager
- d. all of above

Ans - a

.....

Under method, common factors to all the jobs are identified.

- a. Point
- b. Merit
- c. Factor comparison
- d. Ranking

Ans - a

.....

Comparison of employees' actual performance with set standards is involved in

- a. leading
- b. organizing
- c. controlling
- d. staffing

Ans - c

.....

Planning function of management process involves

- a. Developing employees
- b. Evaluating performance
- c. Establishing departments
- d. Establishing goals

Ans - d

.....

The goals of monetary policy do not include

- a. Maximum output
- b. Full employment
- c. Price stability
- d. Maximum tax revenue

Ans - d

.....

Gross National Product (GNP) is

- a. The total output of goods and services produced by the country's economy
- b. The total domestic and foreign output claimed by residents of the country
- c. The sum of gross domestic product and investment
- d. National income minus national expenditure

Ans - b

.....

If an economy is in equilibrium at the point where plans to save and to invest are equal, then government expenditure must be

- a. Curtailed
- b. Equal to government income
- c. Increased
- d. None of the above

Ans - b

.....

Which of the following is correct regarding the gross domestic savings in India?

- a. Contribution of corporate sector is largest
- b. Contribution of government sector is the largest
- c. Contribution of household sector is the largest
- d. None of these

Ans - c

.....

NNP (Net National Product) or National Income is the money value of

- a. Final goods and services produced annually in the economy
-

- b. Annual service generation in the economy
- c. Tangible goods produced annually in the economy
- d. Tangible goods available in the economy

Ans - a

.....

The basic characteristic of a Capitalistic economy is

- a. Full employment
- b. The private ownership of the means of production.
- c. An absence of monopoly
- d. Large-scale production in primary industries.

Ans - b

.....

In a free capitalist society the allocation of the factors of production among the various productive activities is determined by

- a. The pattern of consumer's spending
- b. Decisions of the Government
- c. The wealth of the entrepreneurs.
- d. All the above

Ans - a

.....

Who believed that an automatic equilibrating mechanism of the perfectly competitive market, known as 'invisible hand' tended to maximize national wealth?

- a. Adam Smith
- b. Keynes
- c. J.B. Say
- d. None of the above

Ans - c

.....

The fundamental economic problem being faced is one of

- a. Consumer's choice
 - b. Decision-making by the government
 - c. Multiplicity of wants and scarcity of resources
-

d. Shortage of labour

Ans - c

.....

Which one of the following is not directly the concern of the economist?

- a. Aid to underdeveloped countries
- b. The effect of an increase in Bank rate
- c. The choice between alternative sites for a factory
- d. The use of taxation to discourage smoking of cigarettes.

Ans - c

.....

The meaning of the word 'economic' is most closely connected with the word

- a. Free
- b. Scarce
- c. Unlimited
- d. Restricted

Ans - c

.....

Which of the following is not an economic problem?

- a. Deciding between extra paid work and extra leisure.
- b. Deciding between different ways of spending leisure lime .
- c. Deciding on the level and form of personal saving
- d. Deciding between expenditure on one good and another.

Ans - b

.....

Which one of the following statement is not true?

- a. Exchange is one method of helping to solve the basic economic problem.
- b. The basic economic problem is one of choice.
- c. Choice is necessary because of Limited wants.
- d. The means to satisfy wants i.e., the factors of production, are limited.

Ans - c

.....

Who gave scarcity definition of economics?

- a. Adam Smith
- b. Robbins
- c. Keynes
- d. J.B. Say

Ans - b

Who is known as the Father of Economics?

- a. Keynes
- b. Ricardo
- c. Adam Smith
- d. J.S.Mill

Ans - c

Which of the following is deducted from gross national product in order to estimate net national product?

- a. Depreciation
- b. compensation of employees
- c. expenditure on buildings
- d. expenditure on raw material

Ans - a

Changes in the standard of living in a country are best reflected in changes in the

- a. Social Welfare
- b. Economic Welfare
- c. Per capita income at current prices
- d. Per capital income at constant prices

Ans - d

Which is the primary indicator to recognise a country's rate of economic growth?

- a. Increase inter per capita income
-

- b. Setting of more industries
- c. Rate of growth in national income
- d. More exports

Ans - c

ABC Limited had the following balances on 31.03.2018

Current assets = 7,00,000
Total assets = 16,00,000
Current liabilities = 5,00,000
Total liabilities = 8,00,000
Cash provided by operations = 9,00,000
Capital expenditures = 2,00,000
Cash dividends = 1,00,000
Net income = 3,60,000
Preferred stock dividends = 50,000
Average common shares outstanding = 100,000 shares

Calculate the following based on the above details.

1. What is the amount of working capital?

- a. 2,00,000
- b. 4,00,000
- c. 6,00,000
- d. 8,00,000

2. What is the current ratio?

- a. 0.5
- b. 1.2
- c. 1.4
- d. 1.8

3. What is the debt to total assets ratio?

- a. 0.5
- b. 1.2
- c. 1.4
- d. 1.8

4. What is the amount of free cash flow?

- a. 2,00,000
- b. 4,00,000
- c. 6,00,000
- d. 8,00,000

5. What is the amount of Earnings per share (EPS)?

- a. 1.10 per share
- b. 2.10 per share
- c. 3.10 per share
- d. 4.10 per share

Solutions :

1. a

$$\begin{aligned}\text{Working capital} &= \text{Current assets} - \text{Current liabilities} \\ &= 7,00,000 - 5,00,000 \\ &= 2,00,000\end{aligned}$$

2. c

$$\begin{aligned}\text{Current ratio} &= \text{Current assets} / \text{Current liabilities} \\ &= 7,00,000 / 5,00,000 \\ &= 1.40\end{aligned}$$

3. a

$$\begin{aligned}\text{Debt to total assets} &= \text{Total liabilities} / \text{Total assets} \\ &= 8,00,000 / 16,00,000 \\ &= 0.50 \text{ or } 50\%\end{aligned}$$

4. c

$$\begin{aligned}\text{Free cash flow} &= \text{Cash provided by operations} - \text{Capital expenditures} - \text{Cash dividends} \\ &= 9,00,000 - 2,00,000 - 1,00,000 \\ &= 6,00,000\end{aligned}$$

5. c

$$\begin{aligned}\text{Earnings per Share} &= (\text{Net income} - \text{Preferred stock dividends}) / \text{Average common shares outstanding} \\ &= (3,60,000 - 50,000) / 1,00,000 \text{ shares} \\ &= 3,10,000 / 100 \text{ shares} \\ &= 3.10 \text{ per share}\end{aligned}$$

Net National Production excludes

- a. Gross Investment
- b. Net investment
- c. Foreign Investment
- d. Replacement investment

Ans - d

.....

Here are four statements about various national income / expenditure / product relationships. Which one of the following is true

- a. GNP less NIT = NNP
- b. GNP less NFI = NNP
- c. GNP plus depreciation = NNP
- d. GNP less depreciation allowances = NNP

Ans - d

.....

The term GDP incorporates the economic activity

- a. Taking place within the geographical boundary of the country
- b. Within the land territorial
- c. Within water territorial
- d. Within air space

Ans - a

.....

..... is the process of putting an employee on a specific job so as to match employee skills with the requirements of the job.

- a. Recruitment
- b. Placement
- c. Selection
- d. Training

Ans - b

.....

What is the characteristic of training

- a. Clearly define parametres
- b. Planned sequence of events
- c. Induces behavioural changes
- d. All the above

Ans - d

Which of the following is not a fiscal monopoly?

- a. Printing of currency
- b. Minting of coins
- c. Electricity supply
- d. None of the above

Ans - c

The main objective of the training

- a. Solve the conflict
- b. Improve the productivity
- c. To avoid labour union problems
- d. Increase the no. of employees

Ans - b

The process of gathering information about job is

- a. Job Analysis
- b. Job Description
- c. Job Simplification
- d. Job Enrichment

Ans - a

In the time organization, the authority flow and from

- a. top to bottom
 - b. bottom to top
-

- c. left to right
- d. right to left

Ans - d

.....

Training received directly on the job is

- a. Job Instruction training
- b. Job Intimation
- c. Job Application
- d. Job Intelligence training

Ans - a

.....

What should be the basic positive attitude among workers?

- a. Do not join in labour unions
- b. Reducing wastage and maximum use of resources
- c. Educate others
- d. Effective communication

Ans - b

.....

HR policy makes employees

- a. Train for future positions
- b. A better person/workers
- c. A knowledgeable person
- d. All the above

Ans - a

.....

In a planned economy the economic problem of what shall be produced is determined primarily by

- a. Computers deciding what consumers want.
- b. Direction by the oovernment.
- c. The pattern of consumer's spending
- d. The independent decisions of entrepreneurs.

Ans - b

.....

Development means economic growth plus

- a. Price stability
- b. Social change
- c. Inflation
- d. Deflation

Ans - b

All revenues received, loans raised and money received in repayment of loans by the Union Government go into

- a. Public Account of India
- b. Contingency Fund in India
- c. Consolidated fund in India
- d. none of the above

Ans - c

Which one of the following is not directly the concern of the economist?

- a. Choices relating to location of a steel plant
- b. Bargaining between the workers' unions and the employers
- c. Effects of a change in money supply.
- d. Imposition of tax to discourage cigarette smoking

Ans - a

"Funded debt" means

- a. All Government securities which are marketable on the stock exchange market
- b. All private securities
- c. Shares of Companies
- d. Kisan Vikas Patras

Ans - a

"Annual Financial Statement" is another name of

- a. Balance of payment
-

- b. Fiscal Budget
- c. Budget
- d. Debt & Credit

Ans - c

.....

"Multi-Currency Basket" means

- a. Relationship with world bank
- b. Currency + coins
- c. Number of major international currencies to which the external value of the Indian rupee is linked
- d. None of the above

Ans - c

.....

Customs duties, export duties, corporation taxes, taxes on capital value of assets (excluding agricultural land of individuals and companies) are

- a. Taxes and duties levied by the Centre but wholly appropriated by the States
- b. Taxes and duties levied by the Centre but collected by the States
- c. Taxes and duties that accrue wholly to the Union Government
- d. Taxes levied and collected by the Union but which are shared with the States.

Ans - c

.....

Public finance is said to be

- a. Science of taxes and pending
- b. Science of demand and supply of money
- c. Science of money and cost
- d. Science of income and expenditure

Ans - d

.....

One of the distinctions between public finance and private finance is that

- a. The State adjusts "income to expenditure" while an individual adjusts "expenditure to income"
 - b. The State maximizes the general welfare of the public while an individual maximizes his own satisfaction
 - c. The State has no coercive powers while the individual has
-

d. The State cannot borrow money while the individual can get loans

Ans - a

.....

A tax takes away a higher proportion of one's income rise is termed is

- a. Proportional Tax
- b. Indirect Tax
- c. Regressive Tax
- d. Progressive Tax

Ans - d

.....

Corporate tax is imposed by

- a. Local Government
- b. Central Government
- c. State Government
- d. Both Central and State Government

Ans - b

.....

From the following, which is not a direct tax?

- a. Tax on wealth
- b. Tax on entertainment
- c. Tax income
- d. Tax on expenditure

Ans - b

.....

An Direct tax is one where

- a. Tax is levied always on property
- b. Points of impact and incidence are different
- c. Tax is levied on wealth
- d. Points of impact and incidence are the same

Ans - b

.....

The name of Indirect tax is

- a. Income tax
- b. Sale tax
- c. Corporate tax
- a. Wealth tax

Ans - b

A regressive tax will tend to redistribute income more

- a. Equally
- b. Equitably
- c. Unequally
- d. Inequitably

Ans - c

Which of the following does not grant any tax rebate?

- a. Indira Vikas Patra
- b. Public Provident Fund
- c. National Saving Scheme
- d. National Saving Certificate

Ans - a

The Indian Income tax is

- a. Direct and progressive
- b. Indirect and progressive
- c. Indirect and proportional
- d. Direct and proportional

Ans - a

Temporary tax levied to obtain additional revenue is called

- a. Fee
 - b. Surcharge
-

- c. Cess
- d. Rate

Ans - b

Which of the following taxes is/are levied by the Central Govt. and collected appropriated by the States?

- a. Estate Duty
- b. Stamp Duties
- c. Passenger and goods tax
- d. Taxes on Newspaper

Ans - a

Balance Sheet (in lakhs) as on 31.03.2016

Assets

Current Assets

Cash - 500

Accounts Receivable - 300

Inventory - 200

Total Current Assets - 1000

Fixed Assets

Property, Plant, and Equipment - 2100

Less Accumulated Depreciation - 400

Net Fixed Assets - 1700

Total Assets - 2700

Liabilities and Owners' Equity

Current Liabilities

Accounts Payable - 400

Notes Payable - 200

Total Current Liabilities - 600

Long-Term Liabilities

Long-Term Debt - 1200

Total Long-Term Liabilities - 1200

Owners' Equity

Common Stock (1 Par) - 600

Capital Surplus - 200
Retained Earnings - 100
Total Owners' Equity - 900
Total Liab. and Owners' Equity - 2700

Profit and Loss Account (in Lakhs) for the year ended 31.03.2016

Sales - 900
Cost of Goods Sold - 600
Administrative Expenses - 300
Depreciation - 362
Earnings Before Interest and Taxes - -362
Interest Expense - 130
Taxable Income - (-)492
Taxes - (-)81
Net Income - (-)411
Dividends - 0
Addition to Retained Earnings - (-)411
Other Information
Number of Shares Outstanding (lakhs) - 600
Price per Share - 1.8

Calculate the following ratios:

1. Fixed Assets Turnover

- a. 0.33 : 1
- b. 0.53 : 1
- c. 0.67 : 1
- d. 2 : 1

2. Total Assets Turnover

- a. 0.33 : 1
- b. 0.53 : 1
- c. 0.67 : 1
- d. 2 : 1

3. Debt Ratio

- a. 0.33 : 1
 - b. 0.53 : 1
 - c. 0.67 : 1
 - d. 2 : 1
-

4. Debt to Equity Ratio

- a. 0.33 : 1
- b. 0.53 : 1
- c. 0.67 : 1
- d. 2 : 1

5. Earnings Per Share (EPS)

- a. - 0.68
- b. - 1.5
- c. 0.68
- d. 1.5

6. Book Value Per Share

- a. - 0.68
- b. - 1.5
- c. 0.68
- d. 1.5

Explanation:

1. b

$$\begin{aligned}\text{Fixed Assets Turnover} &= \text{Sales} / \text{Net Fixed Assets} \\ &= 900 / 1700 \\ &= 0.53 : 1\end{aligned}$$

2. a

$$\begin{aligned}\text{Total Assets Turnover} &= \text{Sales} / \text{Total Assets} \\ &= 900 / 2700 \\ &= 0.33 : 1\end{aligned}$$

3. c

$$\begin{aligned}\text{Debt Ratio} &= \text{Total Debt} / \text{Total Assets} \\ &= (\text{Total Assets} - \text{Total Owners' Equity}) / \text{Total Assets} \\ &= (2700 - 900) / 2700 \\ &= 1800 - 2700 \\ &= 0.67 : 1\end{aligned}$$

4. d

$$\begin{aligned}\text{Debt to Equity Ratio} &= \text{Total Debt} / \text{Total Owners' Equity} \\ &= (\text{Total Assets} - \text{Total Owners' Equity}) / \text{Total Owners' Equity} \\ &= (2700 - 900) / 900\end{aligned}$$

$$= 1800 / 900$$
$$= 2 : 1$$

5. a

$$\text{Earnings Per Share (EPS)} = \text{Net Income} / \text{Number of Shares Outstanding}$$
$$= (-) 411 / 600$$
$$= - 0.68$$

6. d

$$\text{Book Value Per Share} = \text{Total Owners' Equity} / \text{Number of Shares Outstanding}$$
$$= 900 / 600$$
$$= 1.5$$

Taxes raised are credited into

- a. Consolidated Fund
- b. Public Accounts
- c. Contingency Accounts
- d. Private Accounts

Ans - a

Generally tax on production are

- a. Indirect taxes
- b. Direct taxes
- c. Both A and B
- d. None of the above

Ans - c

Tax on incomes is

- a. Indirect
- b. Direct
- c. Both A and B
- d. None of the above

Ans - c

Which of the following taxes is levied on services?

- a. Personal tax
- b. Value added tax
- c. Capital gains tax
- d. Corporate tax

Ans - b

Income tax is raised by

- a. Local Government
- b. Central Government
- c. Municipality
- d. State Government

Ans - b

Sales tax is levied by

- a. Local government
- b. State government
- c. Central government
- d. None of the above

Ans - b

Union Excise Duties are a part of Central Government's

- a. Tax revenue
- b. Capital receipts
- c. Non-tax revenue
- d. None of the above

Ans - a

All taxes come under

- a. Capital receipts
 - b. Revenue receipts
-

- c. Public debt
- d. Both a and c

Ans - b

In India, the States gets maximum income from

- a. Sales tax
- b. State Excise duties
- c. Land Revenue
- d. Agricultural Income tax

Ans - a

Progressive tax in India is

- a. Income tax
- b. Wealth tax
- c. Corporate tax
- d. Sales tax

Ans - a

Which of the following is a direct tax?

- a. Sales tax
- b. Entertainment tax
- c. Excise duty
- d. Estate duty

Ans - d

Which of the most important source of revenue to the State Government of India ?

- a. Land Revenue
- b. Agriculture Income-tax
- c. State excise duties
- d. Sales tax

Ans - d

During an unusually hot summer, the demand for soft drinks increases while the supply of soft drinks remains the same. The price of a soft drink

- a. falls and the supply of soft drinks decreases
- b. rises and the supply of soft drinks increases
- c. rises and the quantity supplied increases
- d. rises and the quantity supplied decreases

Ans - c

At point of satiety, marginal utility is

- a. Zero
- b. Positive
- c. Maximum
- d. Negative

Ans - a

When the population growth rate of an economy becomes greater than the achievable economic growth rate, it is known as

- a. Population Explosion
- b. Population Trap
- c. Population Crisis
- d. None of the above

Ans - b

Which of the following is a characteristic of capital as a factor of production?

- a. It never depreciates
- b. It is fixed in supply
- c. It is an active factor of production
- d. It is a passive factor of production

Ans - d

The most fundamental economic problem is

- a. security
- b. scarcity
- c. health
- d. the fact the United States buys more goods from foreigners than we sell to foreigners

Ans - b

.....

“Human Welfare is the subject of Economics.” This statement is associated with the name of which of the economists?

- a. Marshall
- b. Pigou
- c. Penson
- d. All of the above

Ans - d

.....

The fact that wants cannot be fully satisfied with available resources reflects the definition of

- a. the what tradeoff
- b. scarcity
- c. the big tradeoff
- d. for whom to produce

Ans - b

.....

If income decreases or the price of a complement rises,

- a. the demand curve for a normal good shifts leftward
- b. the demand curve for a normal good shifts rightward
- c. there is an upward movement along the demand curve for the good
- d. there is a downward movement along the demand curve for the good

Ans - a

.....

The debt equity ratio of X Ltd. is 0.5 : 1. Which of the following would increase/decrease or not change the debt equity ratio?

1. Further issue of equity shares

- a. Increase
- b. Decrease
- c. No change
- d. None of the above

2. Cash received from debtors

- a. Increase
- b. Decrease
- c. No change
- d. None of the above

3. Sale of goods on cash basis

- a. Increase
- b. Decrease
- c. No change
- d. None of the above

4. Redemption of debentures

- a. Increase
- b. Decrease
- c. No change
- d. None of the above

5. Purchase of goods on credit

- a. Increase
- b. Decrease
- c. No change
- d. None of the above

Solution:

The change in the ratio depends upon the original ratio. Let us assume that external funds are Rs. 5,00,000 and internal funds are Rs. 10,00,000.

Now we will analyse the effect of given transactions on debt equity ratio.

1. b

Assume that Rs. 1,00,000 worth of equity shares are issued.

This will increase the internal funds to Rs. 11,00,000.

The new ratio will be 0.45 : 1 (5,00,000/11,00,000).

Thus, it is clear that further issue of equity shares decreases the debt-equity ratio.

2. c

Cash received from debtors will leave the internal and external funds unchanged as this will only affect the composition of current assets.

Hence, the debt-equity ratio will remain unchanged.

3. c

This will also leave the ratio unchanged as sale of goods on cash basis neither affect Debt nor equity.

4. b

Assume that Rs. 1,00,000 debentures are redeemed.

This will decrease the long-term debt to Rs. 4,00,000.

The new ratio will be 0.4 : 1 (4,00,000/10,00,000).

Redemption of debentures will decrease the debt-equity ratio.

5. c

This will also leave the ratio unchanged as purchase of goods on credit neither affect Debt nor equity.

Scatter diagram is used to study in economic statistics.

- a. Variability in the series
- b. Nature of Correlation in the two series
- c. Regression
- d. Secular trend

Ans - b

Demand for a commodity refers to

- a. Need for the commodity
- b. Desire for the commodity
- c. Amount of the commodity demanded at a particular price and at a particular time
- d. Quantity demanded of that commodity

Ans - c

Whose opinions have revolutionised the scope of macro economics?

- a. Adam Smith
- b. J.B. Say
- c. J.M. Keynes
- d. All of the above

Ans - c

The three important components in aligning business strategy with HR practice

- a. Business Strategy, Human Resource Practices, Organisational Capabilities
- b. Marketing Strategy, Human Resource Practices, Organisational Capabilities
- c. Business Strategy, Human Resource Practices, Organisational structure
- d. Marketing Strategy, Human Resource Practices, Organisational structure

Ans - a

A key HR role in the firm will be multidisciplinary consulting around (i) Individual, (ii) Team, (iii) Business unit

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

Use of data, facts, analytics and evaluated research for making decision is

- a. Evidence based HRM
- b. High performance work system
- c. Both A and B
- d. none of above

Ans - a

Coordination of personnel activities is a crucial part of

- a. Functional authority
-

- b. Line function
- c. Staff functions
- d. all of above

Ans - a

.....

The nation wide consumer councils formed by the Government comprise of representatives of (i) Cost account and consumer, (ii) Various ministries, (iii) Manufactures of commerce

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

In an organisation initiating career planning, the career path model would essentially form the basis for (i) Placement, (ii) Transfer, (iii) Rotation

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

In broad terms the difference between microeconomics and macroeconomics is that

- a. they use different sets of tools and ideas
- b. microeconomics studies decisions of individual people and firms and macroeconomics studies the entire national economy
- c. macroeconomics studies the effects of government regulation and taxes on the price of individual goods and services whereas microeconomics does not
- d. microeconomics studies the effects of government taxes on the national unemployment rate

Ans - b

.....

.....
X Ltd., has a current ratio of 3.5:1 and quick ratio of 2:1. If excess of current assets over quick assets represented by inventories is Rs. 24,000, calculate ...

1. Current liabilities

- a. Rs. 16,000
- b. Rs. 36,000
- c. Rs. 56,000
- d. Rs. 76,000

2. Current assets

- a. Rs. 16,000
- b. Rs. 36,000
- c. Rs. 56,000
- d. Rs. 76,000

Solution:

1. a

Current Ratio = 3.5:1

Quick Ratio = 2:1

Let Current liabilities = x

Current assets = 3.5x

and Quick assets = 2x

Inventories = Current assets – Quick assets

24,000 = 3.5x – 2x

24,000 = 1.5x

x = Rs.16,000

Current Liabilities = Rs.16,000

2. c

Current Assets = 3.5x = 3.5 × Rs. 16,000 = Rs. 56,000.

Verification :

Current Ratio = Current assets : Current liabilities

= Rs. 56,000 : Rs. 16,000

= 3.5 : 1

Quick Ratio = Quick assets : Current liabilities

= Rs. 32,000 : Rs. 16,000

= 2 : 1
.....

Given the following information:

Total assets = Rs. 3,00,000
Non-current liabilities = Rs. 80,000
Shareholders' Funds = Rs. 2,00,000
Non-Current Assets:
Fixed assets = Rs. 1,60,000
Non-current Investments = Rs. 1,00,000

1. Calculate Current Assets

- a. Rs. 20,000
- b. Rs. 30,000
- c. Rs. 40,000
- d. Rs. 50,000

Ans - c

2. Calculate Current Liabilities

- a. Rs. 20,000
- b. Rs. 30,000
- c. Rs. 40,000
- d. Rs. 50,000

Ans - a

3. Calculate Current Ratio

- a. 1 : 1
- b. 1 : 2
- c. 2 : 1
- d. 2 : 1.5

Ans - c

Solution:

1. c
Total assets = Non-current assets + Current assets
Rs. 3,00,000 = Rs. 2,60,000 + Current assets
Current assets = Rs. 3,00,000 – Rs. 2,60,000
= Rs. 40,000

2. a

Total assets = Equity and Liabilities

= Shareholders' Funds + Non-current liabilities + Current liabilities

Rs. 3,00,000 = Rs. 2,00,000 + Rs. 80,000 + Current Liabilities

Current liabilities = Rs. 3,00,000 – Rs. 2,80,000

= Rs. 20,000

3. c

Current Ratio = Current Assets / Current Liabilities

= Rs. 40,000 / Rs. 20,000

= 2 : 1

When China builds a dam using few machines and a great deal of labor, it is answering the question.

- a. "what"
- b. "how"
- c. "where"
- d. "for whom"

Ans - b

Coefficient of Correlation (r) is significant, if

- a. $r > 5$ times Probable Error
- b. $r < 6$ times Probable Error
- c. $r > 6$ times Probable Error
- d. $r = 6$ times Probable Error

Ans - c

Introduction of new or current trends for optimal HR utilization is part of

- a. Coordinative function
- b. Staff function
- c. Line function
- d. all of above

Ans - b

Union leaders at different levels & at federations are elected on

- a. democratic principle
- b. political considerations
- c. employer's recommendation
- d. seniority basis

Ans - a

The following factor would be relatively low if supply of labour is higher than demand.

- a. production
- b. labour cost
- c. wage
- d. All of the above

Ans - c

The horizontal demand curve parallel to x-axis implies that the elasticity of demand is

- a. Zero
- b. Infinite
- c. Equal to one
- d. Greater than zero but less than infinity

Ans - b

Who propounded the opportunity cost Theory of international trade?

- a. Ricardo
- b. Marshall
- c. Heckscher & Ohlin
- d. Haberler

Ans - d

A job analyst's task is to

- a. prepare job description
 - b. integrate development activities
-

- c. develop compensation plans
- d. advise management

Ans - a

.....

..... can be defined as a written record of the duties, responsibilities and conditions of job.

- a. Job description
- b. Job specification
- c. Job profile
- d. None of the above

Ans - a

.....

Following factor is not involved in communication to employees

- a. interviewing
- b. disciplining
- c. counseling
- d. compensating

Ans - d

.....

During which of the following stage, the firm plans the proposed changes into practice?

- a. Clarification
- b. Monitoring
- c. Assessment
- d. Design

Ans - d

.....

HR manager must be familiar with

- a. Strategic planning
- b. Production department
- c. Marketing and finance
- d. all of above

Ans - d

.....

Section of the Industrial Disputes Act 1947, states that an employer should only retrench employees who have been most recently hired

- a. 24-F
- b. 24-G
- c. 25-F
- d. 25-G

Ans - d

The role is to ensure the deserving managers should get appropriate opportunities for job Rotation.

- a. Reviewer
- b. Assessor
- c. Administrator
- d. Employer

Ans - a

One who issues orders in chain of command outside their department is

- a. staff managers
- b. line managers
- c. finance manager
- d. both A and B

Ans - b

For closure, every worker is to be compensated with average pay for every year of service completed

- a. 15 days
- b. 20 days
- c. 25 days
- d. 30 days

Ans - a

F R B M Act enacted in

- a. 2001
- b. 2003
- c. 2004
- d. 2000

Ans – b

A 5-year Govt. bond with a coupon rate of 8% has a face value of 1000. What is the annual interest payment?

- a. 80
- b. 40
- c. 100
- d. None of the above

Ans - a

The dispersion among sample means is, the dispersion among the sampled items themselves because

- a. Each sample is smaller than the population from which it is drawn
- b. Very large values are averaged down and very small values are averaged up
- c. The sampled items are all drawn from the same population
- d. None of these

Ans - b

Demand for a product at Rs. 4 per unit is 50. If the price elasticity of demand is 2, how much the demand will be at Rs. 3 per unit?

- a. 25
- b. 40
- c. 60
- d. 75

Ans - d

Solution :

Price Elasticity of Demand = % Change in Quantity Demanded / % Change in Price

.....

$$\% \text{ Change in Quantity Demanded} = x - 50/50 * 100 = (x - 50) * 2 = 2x - 100$$
$$\% \text{ Change in Price} = 1/4 * 100 = 25$$

Price Elasticity of Demand = % Change in Quantity Demanded / % Change in Price

$$2 = 2x - 100/25$$

$$50 = 2x - 100$$

$$50 + 100 = 2x$$

$$2x = 150$$

$$x = 150/2 = 75$$

.....

What will be value after 3 years, if you deposit Rs. 5000 each year at 10% interest?

- a. Rs. 16250
- b. Rs. 16550
- c. Rs. 16750
- d. Rs. 17250

Ans - b

Solution :

Future value of annuity = $A/r \times \{(1+r)^n - 1\}$

$$\begin{aligned} FV &= 5000/0.1 \times \{(1+0.1)^3 - 1\} \\ &= 5000/0.1 * \{(1.01)^3 - 1\} \\ &= 5000/0.1(1.331 - 1) \\ &= 5000/0.1 * 0.331 \\ &= \text{Rs. } 16550 \end{aligned}$$

.....

In case of compound Interest, if compounding is done quarterly, then r is divided by ...

- a. 2
- b. 3
- c. 4
- d. 6

Ans - c

.....

A card is drawn at random from a deck of cards. Find the probability of getting 3 of diamond.

- a. 1/52
-

- b. 1/38
c. 3/56
d. 3/38

Ans - a

Since a pack consist 52 cards and among that cards there are 13 diamonds.

Now for same space, A card is drawn out of 52 cards i.e
 $n(S) = 52, a. = n(S) = 52$

Now for event for occurring 3 of diamonds in one drawn out of 13 =
 $n(E) = 1$

Hence probability of occurrence of getting 3 of diamond
 $P(E) = n(E)/n(S)$
 $= 1/52$

Ranjit borrowed an amount of Rs. 50000 for 8 years @ 18% roi. What shall be monthly payment?

- a. 986
b. 968
c. 896
d. 869

Ans - a

Explanation :

Here,
 $P = 50000$
 $R = 18\% = 18\% \div 12 = 0.015\%$ monthly
 $T = 8 \text{ yrs} = 96 \text{ months}$

$EMI = P * R * [(1+R)^T / (1+R)^T - 1]$
 $EMI = 50000 * 0.015 * 1.01596 \div (1.01596 - 1)$
 $= 986$

Ajit wants to receive Rs. 40000 p.a. for 20 years by investing @ 5%. How much he will have to invest now?

- a. 498489

- b. 498849
- c. 498948
- d. 498984

Ans - a

Explanation :

Here,

P = 40000

R = 5% p.a.

T = 20 yrs

$$PV = P / R * [(1+R)^T - 1]/(1+R)^T$$

$$PV = (40000 \div 0.05) * \{(1.0520 - 1) \div 1.0520\}$$
$$= 498489$$

Suppose CR is 4:1. NWC is Rs 30000/- what is the amount of CA?

- a. Rs 20000/-
- b. Rs 10000/-
- c. Rs 40000/-
- d. Rs 60000/-

Ans - c

Since CA:CL=4:1

Hence CA=4x

CL=x

CA-CL=30000

4x-x = 30000

3x= 30000

x= 10000

Hence CA = 4x i.e 40000/-

The present banking system is called a

- a. On line banking system
 - b. Fractional reserve banking system
 - c. Accrual system of accounting
-

d. Book keeping accounting system

Ans - b

.....

Central bank mainly uses.....to control the money supply in the market.

- a. SLR
- b. CRR
- c. base rate
- d. bank rate

Ans - d

.....

According to Eric Berne, there are typically ... types of ego states in transactional analysis.

- a. 3
- b. 4
- c. 5
- d. 6

Ans - a

.....

One's belief about who is responsible for the event in one's life refers to...

- a. Adult ego state
- b. change catalyst
- c. personal efficacy
- d. Locus of Control

Ans - d

.....

A person invested Rs. 100000 in a bank FDR @ 6% p.a. for 1 year. If interest is compounded on half-yearly basis, the amount payable shall be

- a. 109060
- b. 100960
- c. 103090
- d. 106090

Ans – d

.....

Explanation :

Here,

$$P = 100000$$

$$R = 6\% \text{ half-yearly} = 3\% \text{ @ p.a.} = 0.03 \text{ p.a.}$$

$$T = 1 \text{ yr} = 2 \text{ half yrs}$$

$$FV = P * (1 + R)^T$$

So,

$$FV = 100000 * (1+0.03)^2$$

$$= 106090$$

What is the main theme of FRBM act for Indian economy.....

- a. To protect black money marketing
- B. To protect Indian economy from inflation
- C. To reduce the dependence of the govt on borrowings and help to reduce the fiscal deficit in a phased manner.
- d. To reduce fiscal imbalance and give Indian economy future stability.

Ans - c

Which stage of career roles signifies the beginning of complex functions ?

- a. Apprentice
- b. colleague
- c. Mentors
- d. Sponsors

Ans - c

A bond has been issued with a face value of Rs. 1000 at 8% Coupon for 3 years. The required rate of return is 7%. What is the value of the bond?

- a. 1062.25
- b. 1625.25
- c. 1026.25
- d. 1052.25

Ans – c

Explanation :

Here,

$$FV = 1000$$

$$\text{Coupon Rate (CR)} = 0.08$$

$$t = 3 \text{ yr}$$

$$R (\text{YTM}) = 0.07$$

$$\text{Coupon} = FV \times CR = 80$$

$$\text{Bond Price} = (1/(1+R)^t)((\text{coupon}*((1+R)^t-1)/R)+\text{Face Value})$$

So, Value of bond = 1026.25

(Since Coupon rate > YTM, so Bond's Value > FV)

.....

A person raised a house loan of Rs. 10 lac @ 12% roi repayable in 10 years. Calculate EMI.

- a. 14734
- b. 14347
- c. 13437
- d. 13734

Ans - b

Explanation :

Here,

$$P = 1000000$$

$$R = 12\% \text{ monthly} = 0.01\% \text{ p.a.}$$

$$T = 10 \text{ Y} = 120 \text{ months}$$

$$EMI = P * R * [(1+R)^T/(1+R)^T-1]$$

So,

$$EMI = 1000000 * 0.01 * (1+0.01)^{120} \div \{(1+0.01)^{120} - 1\}$$
$$= 14347$$

.....

Mr. XYZ is working as GM of ABC co. He is trustworthy, open to other's ideas, accept suggestions, have better self awareness, received feedback from others and make more and more disclosures. He will come in which stage of self awareness?

- a. ARENA

- b. BLIND
- c. CLOSED
- d. BLIND

Ans - a

.....

The concept of howthorne studies was given by...

- a. Fredrick tylor
- b. Charles Bbbage
- c. Elton Mayo
- d. Peter Duker

Ans - c

.....

Who had not contributed much towards the dimensions of Motivation ?

- a. Chiris Argyris
- b. Hanery Foyal
- c. Elton Mayo
- d. Abraham Maslow

Ans - b

.....

MR. Ravi is expected to join a professional course after 03 years from now and he would be needing a sum of Rs.3 lacs at that time. If he wants to save the amt in annual installments and prevailing interest rates are 5%, How much amt he should deposit per annum?

- a. 92163
- b. 90631
- c. 91363
- d. 92531

Ans - a

Solution :

$$\begin{aligned} &= fv * r / (i+r) * \{(1+r)^n - 1\} \\ &= 300000 * .05 / (1.05) \{(1.05)^3 - 1\} \\ &= 90163 \end{aligned}$$

.....

.....
A person deposited Rs. 10000 in a post-office scheme @ 8% p.a. with quarterly compounding, for 2 years. What is the amount payable?

- a. 17117
- b. 17171
- c. 11717
- d. 11177

Ans - c

Explanation :

Here,

P = 10000

R = 8% quarterly = 0.02% p.a.

T = 2 Y = 8 quarters

$$FV = P * (1 + R)^{AT}$$

So,

$$FV = 10000 * (1+0.02)^8 \\ = 11717$$

.....
In which of the situations would $\sigma_{\bar{x}}$ = not be the correct formula for Sampling Vn

- a. infinite population
- b. finite population with replacement
- c. finite population without replacement
- d. none of the above

Ans - c

.....
Which theories equate man with his brain ?

- a. Organismic Theories
- b. Mechanistic or Behaviorist Theories
- c. Cognitive Theories
- d. Humanistic Theories

Ans - c

.....
A 3 year bond with par value Rs. 1000 has Coupon rate 12%. If the required rate of return is 10% and interest is payable semi - annually, find the value of the bond.

- a. 1020
- b. 1030
- c. 1040
- d. 1050

Ans - d

Explanation :

Here, interest is calculated semi-annually,
so Coupon = $1000 \times 12\% \div 2 = 60$,
YTM = $10\%/2 = 0.05$,
T = $3 \times 2 = 6$ years
So, price = 1050

.....

Objectives of HRM is mainly related to understand ...

- a. the fundamentals of HRM.
- b. Customer and Staff behaviour.
- c. The comprehensive perspective of HRM & relationship with HRD.
- d. The role of HR professionals & development of HR functions.

Ans - b

.....

Which is true regarding functions & structure of HRM & HRD ?

- a. There is no conflict between the two.
- b. There is difference only in the approach and emphasis.
- c. HRM is the sub-system of HRD
- d. HRM deals routine functions & HRD functions emphasize on change management process.

Ans - c

.....

Which theories hold that learning occurs only when learners have the 'freedom to learn' ?

- a. Organismic Theories
 - b. Mechanistic Theories
 - c. Cognitive Theories:
-

d. Behaviourist Theories

Ans - a

.....

Attitude can be classified into three basic components. Which is not one among them ?

- a. Emotional
- b. Formal
- c. Informational
- d. Behavioural

Ans - B

.....

Which of the following statement is not correct? (i) performance appraisal and potential appraisal are the same system, (ii) performance appraisal is to know the future performance, (iii) potential appraisal is to understand the potential of the employee to contribute to growth of organization

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - a

.....

There are 2 methods for performance appraisal. Which of the following are not correct. (i) the traditional methods emphasize on rating the individual personality traits, (ii) the traditional methods lay importance on job achievement, (iii) the modern methods lay emphasize on rating the individual personality traits

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

.....

A market economy is one

- a. In which individuals and private firms make the major decisions about production and consumption.
 - b. In which the government makes all important decisions about production and distribution.
-

- c. Both a and b
- d. None of these

Ans - a

.....

The technique of production where machinery is used more than human force is called...

- a. Technology intensive
- b. Labour intensive
- c. Capital intensive
- d. either a or c

Ans - c

.....

In demand curve, quantity and prices are.....related.

- a. Directly
- b. Inversely
- c. Indirectly
- d. Market

Ans - b

.....

Price Index used in India to calculate inflation for policy formulation is

- a. Consumer price index
- b. GDP deflator
- c. Wholesale price index
- d. Retail price index

Ans - c. Wholesale price index

.....

In India, consumer price index released by.....

- a. Ministry of commerce
- b. Ministry of Finance
- c. Ministry of labour and employment
- d. Ministry of Agriculture

Ans - c

.....

.....
The relationship between the shape of the population distribution and the shape of the sampling distribution of the mean is called Central Limit Theorem. This theorem

- a. assures that sampling distribution of the mean approaches normal as the sample size increases.
- b. permits us to use sample statistics to make inferences about population parameters without knowing anything about the shape of the frequency distribution of that population.
- c. tells that the distribution of sample mean tends to be a normal distribution.
- d. all of these

Ans - d
.....

Select the incorrect statement:

- a. As the standard error decreases, the value of any sample mean will be closer to the value of the population mean.
- b. Decreasing standard error increases the precision with which the sample mean can be used to estimate the populations mean.
- c. Sampling more items will increase the standard error.
- d. all are incorrect

Ans - c
.....

What is sampling for groups with considerable variation within but similar to each other called ?

- a. cluster
- b. stratified
- c. systematic
- d. random

Ans - a
.....

The finite population multiplier is square root of $(N-n) / (N-1)$, where N is the size of the population and n is the size of the sample. This multiplier need not be used when the sampling fraction (n/N) is

- a. equal to 1
- b. less than 0.5
- c. less than 0.05
- d. more than 1

Ans - c
.....
.....

A qualitative forecast

- a. predicts the quality of a new product
- b. predicts the direction, but not the magnitude, of change in a variable
- c. is a forecast that is classified on a numerical scale from 1 (poor quality) to 10 (perfect quality)
- d. is a forecast that is based on econometric methods

Ans - b

The term errors in statistics refers to (i) mistakes, (ii) bias

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - c

In systematic sampling, the population is 200 and the selected sample size is 50 then the sampling interval is

- a.250
- b.0.25
- c.4
- d.40

Ans - c

Solution

$k = N/n$, where n is the sample size, and N is the population size
 $= 200/50 = 4$

The following are the key factors of the new economic policy. (i) Privatization, (ii) Market friendly state, (iii) Liberalisation

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....
An analysis of pending retirements should include (i) determination of average retirement age, (ii) planning pension benefits, (iii) determine extent of retirement problem

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d
.....

An urn contains 10 black balls and 5 white balls. 2 balls are drawn from the urn one after other without replacement. What is the probability that both drawn are black ?

- a. 2/7
- b. 3/7
- c. 4/7
- d. 6/7

Ans - b

Solution :

Let E and F denote respective events that first and second ball drawn are black.

We have to find here $P(E \cap F)$ and $P(E/F)$
Now $P(E) = P(\text{Black in first drawn}) = 10/15$

Also given that the first ball is drawn i.e events E has occurred. Now there are 9 black balls and 5 white balls left in the urn. Therefore the probability that the second ball drawn is black, given that the ball first drawn is black nothing but conditional probability of F given that E has occurred already.

Hence $P(E/F) = 9/14$

Now by the multiplication rule of probability

$$\begin{aligned} P(E \cap F) &= P(E) \times P(E/F) \\ &= 10/15 \times 9/14 \\ &= 3/7 \end{aligned}$$

.....

Accounting is called the “language of business” because _____ :

- a. It communicates the financial information to the Management only
 - b. In order to run a business one must have knowledge about accounting
-

-
- c. Different business accounts are involved in financial statements
 - d. It helps to organize and communicate financial information to end users

Ans - d

.....

The following is (are) included in salary survey. (i) Average salary, (ii) Inflation indicators, (iii) Salary budget averages

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

The following factor would be relatively low if supply of labour is higher than demand. Choose the wrong one. (i) production, (ii) labour cost, (iii) wage

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - a

.....

HRD process variable include (i) Role clarity, (ii) Work planning, (iii) Better communication

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

A key HR role in the firm will be multidisciplinary consulting around (i) Individual, (ii) Team, (iii) Business unit

- a. Only (i) and (ii)
 - b. Only (i) and (iii)
 - c. Only (ii) and (iii)
-

d. (i), (ii) and (iii)

Ans - d

A card is drawn at random from a deck of cards. Find the probability of getting 3 of diamond.

- a. 1/52
- b. 1/38
- c. 3/56
- d. 3/38

Ans - a

Solution :

Since a pack consist 52 cards and among that cards there are 13 diamonds.

Now for same space { A card is drawn out of 52 cards i.e $n(S) = 52$, $n(S) = 52$

Now for event for occurring 3 of diamonds in one drawn out of 13= $n(E) = 1$ (If you look at the 13 diamond cards the number 3 diamond card is just 1)

Hence probability of occurrence of getting 3 of diamond

$$P(E) = \frac{n(E)}{n(S)} \\ = \frac{1}{52}$$

Of the following Z-scores, which would suggest the highest probability of bankruptcy?

- a. 0.70
- b. 1.80
- c. 3.00
- d. 3.60

Ans - a

Companies that help to set benchmarks are classified as

- a. competitive companies
- b. benchmark companies
- c. analytical companies
- d. return companies

Ans - b

Which of these is the benefit of needs assessment?

- a. Assessment makes training department more accountable
- b. Higher training costs
- c. Loss of business
- d. Increased overtime working

Ans - a

In an organisation initiating career planning, the career path model would essentially form the basis for (i) Placement, (ii) Transfer, (iii) Rotation

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

A jar contains 3 red marbels, 7 green marbels and 10 white marbles. If a marble is drawn at random, What is the probability that marble drawn is white?

- a. 2/5
- b. 1/2
- c. 3/8
- d. 10/13

Ans - b

Solution :

Here Red = 3

Green = 7

White = 10

Hence total sample space is $(3+7+10)= 20$

Out of 20 one ball is drawn $n(S) = \{c(20,a.) = 20$

To find the probability of occurrence of one White marble out of 10 white ball

$n(R)=\{c(10,a.) = 10$

Hence $P(R) = n(R)/n(S)$

$= 10/20 = 1/2$

Which of the following statements are correct? (i) the remuneration to managerial position is referred to as salary - true, (ii) A wages, salary and remuneration mean the same thing – false, (iii) where the reward is linked to the performance, it helps in improvement of motivation level of employees – true

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

A portion of the elements in a population chosen for direct examination or measurement is a

- a. sample
- b. strata
- c. population
- d. parameter

Ans - a

A sampling distribution of the proportion is a probability distribution of the

- a. stratified sampling
- b. sampling fraction
- c. sample proportion
- d. standard deviation

Ans - c

Which Type of compensation in the following are matched properly? (i) top or middle management – salary, (ii) Clerical or administrative staff - salary, (iii) unskilled, semi-skilled, skilled or highly skilled staff – wages

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

If prices double, what happens to real value of rupee?

- a. remains same
- b. doubles
- c. halves
- d. changes in unlike proportions

Ans - c

Which method which helps draw a line between the set of scattered points

- a. regression method
- b. correlation method
- c. least square method
- d. least fit method

Ans - c

What is a zero coupon bond?

- a. there is gain only in price
- b. gain in coupon
- c. no gain at all
- d. none of these

Ans - a

The balance sheet of a firm has shown total asset of Rs 20 lacs . The long term uses are Rs 11 lacs and current ratio 1.5:1. What is the amount of current liabilities ?

- a. Rs 11 lacs
- b. Rs 9 lacs
- c. Rs 7 lacs
- d. Rs 6 lacs

Ans - d

Because total assets-long term asset=current assets

Means $20-11=9$ lac

Current ratio 1.5:1

So, Current liabilities is $9/1.5= 6$ lac

Current ratio of a unit is 3:1 and quick ratio is 1:1. The level of current assets is Rs 15 lac. What is the amount of quick asset?

- a. Rs 3 lac
- b. Rs 5 lac
- c. Rs 7 lac
- d. Rs 9 lac

Ans - b

Since CR = CA: CL

CR= CA:CL = 3:1

i.e. 15:CL= 3:1

i.e CL = 5 lac

Now QR= 1:1

Since QR= Quick asset/ CL (here quick asset is CA- Inventory)

Hence QA= CL ~ 5 lac

In balance sheet amount of total assets is Rs 10 lac, current liabilities Rs 5 lac and capital and reserves Rs 2 lac. What is the debt-equity ratio?

- a. 1:1
- b. 1.5:1
- c. 1.75:1
- d. 2:1

Ans - b

As per Balance sheet rule Total assets = Total liabilities

Since total assets here is Rs 10 lac hence total liabilities must be 10 lac.

Now Long term debt = 10-(5+2)=3 lac and capital + reserve(TNW i.e tangible net worth) = 2 lac

Since DER = TL/TNW or debt/ equity or TL/ equity hence $3/2 = 1.5$ lac

Working capital turn over ratio is 6 and current ratio is 2:1. If current liabilities are Rs 10 lac and net profit to sales percent 5%. What is the amount of net profit?

- a. Rs 10 lac
- b. Rs 8 lac
- c. Rs 7 lac
- d. Rs 6 lac

Ans - d

.....
Since CR=2:1 and liabilities are 10 lac
Hence current asset will be 20 lac
Now since wc turn over is 6 that means the total turn over will be $20 \times 6 = 120$ lac
Then profit should be $120 \times 5\% = 6$ lac
.....

What does the Central tendency theorem state ?

- a. as the sample size increases the sampling distribution of the mean will approach normality irrespective of the shape of the population distribution
- b. the mean of the sampling distribution of the mean will equal the population mean even if the population is not normal
- c. uses of sample statistics to make inferences of the the population parameters without knowledge of the of the frequency distribution
- d. all of the above

Ans - d
.....

If the estimating equation is $Y = a - b X$. which of the following is true

- a. the y intercept is b
- b. slope of line is negative
- c. there is inverse relationship
- d. b & c

Ans - d
.....

Mr. Amit purchased a property for Rs.8 lac. He has been assured to get Rs 10 lac, after one year at 9% interest rate. What is the net present value of the property based on this assured return?

- a. Rs. 117400
- b. Rs. 118300
- c. Rs. 119200
- d. Rs. 120100

Ans - a

Solution :

$$1000000/1.09=917431-80000= 117400$$

.....

Market Demand Curve obeys the

- a. Law of downward-sloping demand
- b. Law of upward-sloping demand
- c. Law of diminishing
- d. None of these

Ans - a

Current yield on an 8% Rs. 100 bond is 7.5%. The price of the bond is

- a. 104.67
- b. 105.67
- c. 106.67
- d. 107.67

Ans - c

Explanation :

$$\text{Bond Price} = \frac{1}{(1+R)^t} \left(\frac{\text{coupon} * ((1+R)^t - 1)}{R} + \text{Face Value} \right)$$

(Here, $t = 1$)

So, price

$$\begin{aligned} &= (\text{Coupon} + \text{Face Value}) \div (1 + R) \\ &= (8 + 100) \div 1.075 = 100.465 \end{aligned}$$

But, since Coupon Interest = Current Yield \times Current Market Price

$$\text{So, Price} = 8 \div 7.5\% = 8000 \div 75 = 106.67$$

In capital market, the screen based system is replaced by

- a. book keeping system
- b. lodging system
- c. Open outcry system
- d. Telephonic System

Ans - c

When an employee has a need for, achieving one's potential in his or her career meets that need.

- a. physiological needs
- b. safety needs
- c. social needs
- d. self-actualization needs

Ans - d

All of the following are dimensions of Emotional Intelligence except

- a. Self awareness
- b. Self management
- c. External motivation
- d. Empathy

Ans - c

The people who believe to have control of their own fate have locus of control.

- a. Internal
- b. External
- c. Ulterior
- d. Closed

Ans - a

Which of the followings is the emotional or feeling part of an attitude?

- a. Affective component
- b. Behavioral component
- c. Environmental component
- d. Cognitive component

Ans - a

Sample is subset of

- a. Data
 - b. Group
-

- c. Population
- d. Itself

Ans - d

Quota sampling, judgment sampling and convenience sampling are classified as types of

- a. random sampling
- b. non random sampling
- c. direct sampling
- d. indirect sampling

Ans - b

Suppose a finite population has 6 items and 2 items are selected at random without replacement, then all possible samples will be

- a. 6
- b. 12
- c. 15
- d. 36

Ans - c

Non Probability form of sampling is

- a. Random Sampling
- b. Non Random Sampling
- c. Probability Sampling
- d. Quota Sampling

Ans - d

Which of the following prices is/are fixed by the central government?

1. Maximum Retail Price (MRP)
2. Minimum Support Price (MSP)
3. Fair and Remunerative Price (FRP)

Select the correct answer using the codes given below.

- a. 1 and 2 only
- b. 1 and 3 only
- c. 2 only
- d. 2 and 3 only

Ans - d

.....

In sampling with replacement a sampling unit can be selected

- a. Only once
- b. More than one time
- c. Less than one time
- d. Non of above

Ans - b

.....

Sampling in which a sampling unit can be repeated more than once is called

- a. Sampling without replacement
- b. Simple sampling
- c. Sampling with replacement
- d. None of above

Ans - c

.....

In India Hindu Growth is associated with which of the following

- a. birth rate
- b. population
- c. Per Capita Income
- d. National Income

Ans - d

.....

Which of the following is not true about stratified random sampling?

- a. It involves a random selection process from identified subgroups
 - b. Proportions of groups in the sample must always match their population proportions
 - c. Disproportional stratified random sampling is especially helpful for getting large enough subgroup samples when subgroup comparisons are to be done
-

d. Proportional stratified random sampling yields a representative sample

Ans - b

.....

The base year for computation of National income in India

- a. 1990-1991
- b. 1993-1994
- c. 1999-2000
- d. 2000-2001

Ans - b

.....

Revealed Preference Theory was propounded by

- a. Adam Smith
- b. Marshall
- c. P.A. Samuelson
- d. J.S. Mill

Ans - c

.....

National income is the

- a. Net National Product at Market price
- b. Net National product at factor cost
- c. net domestic product at market price
- d. net domestic product at factor cost

Ans - c

.....

What is the value of goods and services produced in a country within a year called?

- a. National income at factor cost
- b. net national output
- c. net national product at market prices
- d. gross national product at market prices

Ans - d

.....

Economic planning is an essential feature of

- a. capitalist economy
- b. socialist economy
- c. mixed economy
- d. dual economy

Ans - b

To get the Net National Product, we deduct what from the Gross National Product?

- a. direct taxes
- b. imports
- c. interim payments
- d. loss

Ans - d

The law of demand states that

- a. demand increases with increase in income
- b. when income and prices rise, the demand also rises
- c. when price falls, demand increases
- d. when price increases, demand increases

Ans - d

Scarcity definition of economics was given by

- a. Johan Robbins
- b. Lionel Robbins
- c. Edwin Canman
- d. Marshal

Ans - b

The Great Depression was during

- a. 1930s
 - b. 1920s
-

- c. 1940s
- d. 1830s

Ans - a

.....

Welfare definition of economics was given by

- a. Marshal
- b. John Robbins
- c. Adam smith
- d. Karl marks

Ans - a

.....

Which of the following is an exception to the law of demand?

- a. Giffen good
- b. Normal good
- c. Superior good
- d. All of the above

Ans - a

.....

Wealth definition of economics was given by

- a. A.C. Pigon
- b. Lionel Robbins
- c. Kenyes
- d. Adam smith

Ans - d

.....

In Economics, 1930s is popularly known as the period of

- a. Great Battle
- b. Great Depression
- c. Industrial Revolution
- d. Great Devide

Ans – b

.....

Which of the following is true?

- a. $GNP + Depreciation = NNP$
- b. $GNP = GDP + \text{Net factor income from abroad}$
- c. $NDP = GNP \text{ minus net indirect taxes}$
- d. $NNP = DGP \text{ minus depreciation}$

Ans - b

GDP deflator is given by

- a. Nominal NI/Real NI
- b. Nominal GDP/Real GDP
- c. Nominal GDP/ Nominal GNP
- d. Real GDP/Real GNP

Ans - b

Under the classical system, the equilibrium will be at

- a. Under employment
- b. Full employment
- c. Voluntary employment
- d. Disguised unemployment

Ans - b

The central theme of Keynesian Theory is

- a. Laissez-faire
- b. Free Trade
- c. Effective demand
- d. Self interest

Ans - c

Under a fiat-money standard the value of the circulating medium of exchange is guaranteed by

- a. some precious commodity such as gold or silver
 - b. by the taxing and borrowing powers of the government
-

- c. the paper it is printed on
- d. does not have any value

Ans - b

.....

M2 is defined as

- a. currency outside banks plus chartered banks' demand deposits
- b. currency outside banks, chartered banks' demand deposits, and non-personal notice deposits and personal savings deposits at chartered banks
- c. currency in circulation plus demand deposits made at financial institutions
- d. must be highly liquid and thus includes only currency circulating outside the banking system

Ans - b

.....

M1 is defined as

- a. currency outside banks plus chartered banks' demand deposits
- b. currency outside banks, chartered banks' demand deposits, and nonpersonal notice deposits and personal savings deposits at chartered banks
- c. currency in circulation plus demand deposits made at financial institutions
- d. must be highly liquid and thus includes only currency circulating outside the banking system

Ans - a

.....

Which statement is true?

- a. Inflation does not play any role in distribution of national income
- b. Inflation plays unfavourable role in distribution of national income
- c. Inflation plays favourable role in distribution of national income
- d. Inflation brings equality in aggregate demand and aggregate demand and aggregate supply

Ans - b

.....

Which of the following techniques yields a simple random sample?

- a. Choosing volunteers from an introductory psychology class to participate
- b. Listing the individuals by ethnic group and choosing a proportion from within each ethnic group at random.

.....
c. Numbering all the elements of a sampling frame and then using a random number table to pick cases from the table.

d. Randomly selecting schools, and then sampling everyone within the school.

Ans - c
.....

Macroeconomics is concerned with

- a. Aggregate economic activity
- b. Individual decision units
- c. How to produce goods
- d. How to buy stocks and bonds

Ans - a
.....

If we compare GDP and GNP, then

- a. $GNP = GDP - \text{net income from abroad}$
- b. $GNP = GDP + \text{net income from abroad}$
- c. $GNP = NNP - \text{net income from abroad}$
- d. $GNP = NNP + \text{net income from abroad}$

Ans - b
.....

Type of sampling In which each element of population has equally likely chance of occurrence in a random sample is classified as

- a. regular and irregular sampling
- b. error free sampling
- c. inertia sampling
- d. simple random sampling

Ans - a
.....

Suppose a finite population contains 7 items and 3 items are selected at random without replacement, then all possible samples will be

- a. 21
- b. 35
- c. 14

d. 7

Ans - b

Cluster sampling, stratified sampling and systematic sampling are types of

- a. direct sampling
- b. indirect sampling
- c. random sampling
- d. non random sampling

Ans - c

Listing of elements in population with identifiable number is classified as

- a. regularity experimental frame
- b. indirect experiment frame
- c. direct experimental frame
- d. frame for experiment

Ans - d

A population contain N item and all possible sample of size n are selected without replacement. The possible number of sample will be

- a. N
- b. n^N
- c. NC_n
- d. N^n

Ans - c

Effect of 14% compounding quarterly on effective annual int rate %

- a. 14.25
- b. 14.50
- c. 14.75
- d. 15.00

Ans - c

Solutions

Effective rate= $(1+\text{Annual ROI}/N)^n-1$

= $1+14\%/4)^4-1$

= 1.035^4-1

= $1.1475-1$

=1475

=14.75%

Suppose a finite population contains 4 items and 2 items are selected at random with replacement, then all possible samples will be

- a. 6
- b. 16
- c. 8
- d. 4

Ans - b

If the fixed and variable cost at 50% production capacity are Rs.20000 and Rs.30000, respectively, the total cost at 70% capacity will be

- a. Rs.50000
- b. Rs.62000
- c. Rs.70000
- d. Rs.58000

Ans - b

Solution

Fixed cost will remain same as 20000, variable cost at 50% is 30000 so for 70% it is $30000 \times 70/50$ that is 42000

So total cost is fixed+ variable

= $20000+42000= 62000$

Consider the following economy traits

- 1) Prolonged increase in demand
 - 2) Heating up of economy
 - 3) Demand-supply lag
-

They are the characteristic feature of which phase of business/economy cycle?

- a. Recession
- b. Depression
- c. Recovery
- d. Boom

Ans - d

.....

A population contains 2 items and 4 items are selected at random with replacement, then all possible samples will be

- a. 16
- b. 8
- c. $4C2$
- d. 4

Ans - a

.....

When there is a difference between all receipts and expenditure of the Govt. of India, both capital and revenue it is called

- a. Income Deficit
- b. Fiscal Deficit
- c. Budgetary Deficit
- d. None of the Above

Ans - c

.....

Training is defined the systematized tailor-made pro gramme to suit the needs of a particular organization for developing

- a. Attitudes/actions/skills and abilities in employee
- b. Actions/skills and abilities
- c. Skills and abilities
- d. Skills only

Ans - a

.....

A 6 year bond is selling at Rs. 9500 with face value of Rs. 10000. The annual Coupon amount is 800. What is the yield to maturity?

- a. 8.72
- b. 9.12
- c. 9.32
- d. 10.12

Ans - b

Explanation :

Since Coupon rate = 8% and market price < Face Value, so YTM must be > CR
Let CR be 9%. So, bond's price = 9551.41 > 9500
Let CR be 10%, so price = 9128.95 < 9500
So, YTM must lie between 9 & 10.

Using interpolation technique,

$$\begin{aligned} \text{YTM} &= 9\% + (10-9)\% \times (9551.41 - 9500) \div (9551.41 - 9128.95) \\ &= 9 + 51.41/422.46 \\ &= 9.12\% \end{aligned}$$

Match the following terms and their use:

- i) purchase - 1. used in case of - usance bills
- ii) discount - 2. used in case of - bills drawn under LC, opened by the purchaser's bank
- iii) negotiation - 3. used in case of - demand bills

- a. i - 2, ii - 3, iii - 1
- b. i - 3, ii - 1, iii - 2
- c. i - 2, ii - 1, iii - 3
- d. None of these

Ans - b

Sanctioned limit = Rs 3 lacs , Stocks = Rs 6 lacs, creditors = Rs 2 lacs , Mortgage of property = 50 lacs , margin = 30%. Calculate the DP.

- a. 3 lacs
 - b. 5 lacs
 - c. 2 lacs
-

d. 4 lacs

Ans - a

Bcz DP is never beyond the sanctioned limit.

..... means higher responsibility. It gives more decision making, planning and controlling powers.

- a. job enrichment
- b. job enlargement
- c. job satisfaction
- d. job rotation

Ans - a

Select the INCORRECT sentence:

1. Term loans are provided for acquiring the fixed assets.
2. Working capital term loans are provided for sustaining current assets.
3. Term loan are payable as per demand.
4. Working capital term loans are payable as per repayment schedule

- a. both 1 and 2
- b. both 2 and 3
- c. both 3 and 4
- d. both 1 and 4

Ans - c

Suppose you start a rent -a-car business and want to buy an automobile. You have choice of buying the car cash down for Rs 400,000 or paying Rs 90,000 a year for five years for the same car. What is your choice , if opportunity cost is 10% ?

- a. Pay cash
- b. Take the auto loan
- c. Data insufficient to answer
- d. None of these

Ans – b

Here PV of Rs 90,000 each year for the next 5 years will be..

$PV(90000, 10\%, 5) = \{ 90000 \times (1.10^{-5} - a) \} / 0.10 \times 1.1^5$
i.e 341171

Now if you see Cash down payment is 400,000 which is greater than the PV of Rs 90,000 for next 5 years (Rs 341171). Hence you prefer taking loan.

Suppose you are performing stratified sampling on a particular population and have divided it into strata of different sizes. How can you now make your sample selection?

- a. Select at random an equal number of elements from each stratum
- b. Draw equal numbers of elements from each stratum and weigh the results
- c. Draw numbers of elements from each stratum proportional to their weights in the population.
- d. b. and c. only

Ans - d

In a normally distributed population, the sampling distribution of the mean

- a. Is normally distributed
- b. Has a mean equal to the population mean
- c. Has a standard deviation equal to the population standard deviation divided by the square root of the sample size
- d. All of the above

Ans - d

Suppose that, for a certain population, sigma xbar is calculated as 20 when samples of size 25 are taken and as 10 when samples of size 100 are taken. A quadrupling of sample size, then, only halved sigma xbar. We can conclude that increasing sample size is

- a. Always cost-effective
- b. Sometimes cost-effective
- c. Never Cost-effective
- d. None of these

Ans - c

Human development Index (HDI) is developed by.....

- a. RBI

- b. Central Govt
c. World Bank
d. SEBI

Ans - c

Adam Smith defined Economics as a:

- a. Study of welfare
b. Study of 'means' and 'ends'
c. Study of Wealth
d. None of these

Ans - c

Given,

Currency with public - Rs. 90000 Crores
Demand deposit with banking system - Rs. 180000 Crores
Time deposits with banking system - Rs. 220000 Crores
Other deposit with RBI - Rs. 260000 Crores
Savings deposit of post office savings banks - Rs. 60000 Crores
All deposit with post office savings bank excluding NSCs - Rs. 50000 Crores

Calculate M2.

- a. Rs. 470000 Crores
b. Rs. 550000 Crores
c. Rs. 590000 Crores
d. Rs. 630000 Crores

Ans - c

Solution

M1 = currency with public + demand deposit with the banking system + other deposits with RBI

M1 = 90000+180000+260000

M1 = 530000

M2 = M1+Savings deposit of post office savings banks

So,

M2 = 530000+60000

M2 = 590000 Crores

When RBI purchases government bonds, the money is

- a. injected into the market
- b. sucked from the market
- c. purchasing bonds has no effect on money market
- d. None of these

Ans - a

When RBI sells government bonds, the money is

- a. injected into the market
- b. sucked from the market
- c. purchasing bonds has no effect on money market
- d. None of these

Ans - b

A set of expected behavior patterns attributed to someone occupying a given position in a social unit is not called as

(i) job, (ii) role, (iii) power

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - b

A 15 year bond is trading at Rs. 958 with face value of Rs. 1000. The Coupon rate is 8%. What is the yield to maturity?

- a. 7.5
- b. 8.5
- c. 9.5
- d. 10.5

Ans - b

Explanation :

Since trading value < face value, YTM is > CR

At 7%, price = 1091.08 > 958

.....

And at YTM = 9%, price = 919.39 < 958,
so YTM lies somewhere between 7 and 9.
= $7 + (9-7) \times (1091.08 - 958) / (1091.08 - 919.39)$
= $7 + 2 \times 133.08 / 171.69$
= 8.5%

.....

The FRBM act was enacted as a law in August 2000. The committee which created the act was headed by

- a. S. H. Khan
- b. Narasimhan
- c. Dr E. A. S. Sarma
- d. Tandon

Ans - c

.....

Which of the following statements the central government has to place before the Parliament each year under FRBM act?

- a. Medium Term Fiscal Policy
- b. Fiscal Policy Strategy
- c. Macroeconomic Framework
- d. All of these

Ans - d

.....

By what percent of GDP, the FRBM act suggests the Centre to reduce the fiscal deficit?

- a. 2
- b. 3
- c. 4
- d. 7

Ans - b

.....

..... is the rate at which the RBI lends short term money to the banks.

- a. Reverse Repo Rate
 - b. Repo Rate
 - c. OMO
-

d. SLR

Ans - b

By what percent of GDP, the FRBM act prescribes the government to set a ceiling on guarantees?

- a. 0.1
- b. 0.5
- c. 0.7
- d. 1.5

Ans - b

The act prohibits deficit financing.

- a. Companies Act 1956
- b. DEPOSIT INSURANCE AND CREDIT GUARANTEE CORPORATION ACT, 1961
- c. THE BANKING REGULATION ACT, 1949
- d. FRBM Act 2003

Ans - d

The way(s) to compute GDP is / are 1. Expenditure wise, 2. Income wise, 3. Product wise

- a. 1 and 2
- b. 2 and 3
- c. 3 and 1
- d. All of 1, 2 and 3

Ans - d

Which price index is used in India to calculate inflation for policy formulation?

- a. Consumer price index
- b. GDP deflator
- c. Wholesale price index
- d. Retail price index

Ans - c

..... is the rate at which banks park their short term excess liquidity with the RBI.

- a. Reverse Repo Rate
- b. Repo Rate
- c. OMO
- d. Bank Rate

Ans - a

.....

The factors of production are

- 1. land
- 2. labour
- 3. capital
- 4. entrepreneur

- a. 1 and 2
- b. 2 and 3
- c. 1, 2 and 3
- d. All of 1, 2, 3 and 4

Ans - d

.....

Which of the following does not reflect the real growth in GDP?

- a. Calculating today's output at today's price
- b. Calculating today's output at yesterday's price
- c. GDP at constant price
- d. Real GDP

Ans - a

.....

Which is a more accurate measure tool for an export - oriented economy?

- a. GDP
- b. GNP
- c. GNI
- d. All of these

Ans - b

.....

Calculate the Future Value of Present Value of Rs. 10000/- after 4 years if the rate of interest is 10%.

- a. 13310
- b. 14641
- c. 14461
- d. 13130

Ans - b

Solution :

$$FV = P(1+r)^n$$

$$FV = 10000(1+10/100)^4$$

$$= 10000(1.1)^4$$

$$= 10000 * 1.4641$$

$$= 14641$$

A cash flow that is expected to grow at a constant rate forever, is called.

- a. Annuity
- b. Perpetuity
- c. Growing annuity
- d. Growing perpetuity

Ans - d

Demand Deposits are (i) Paid on demand, (ii) Relatively less liquid than time deposits

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - a

If inflation rate is higher in an economy, the discount rate should generally,

- a. Be lower
- b. Be higher
- c. Be Stable
- d. Be fluctuating

Ans - b

Example of "Annuity" is ...

- a. EMI of loan account
- b. RD
- c. Both of the above
- d. None of the above

Ans - c

Additional utility derived from consumption of an additional unit of commodity is called

- a. Average Utility
- b. Elasticity
- c. Acceleration
- d. Marginal Utility

Ans - d

Demand for a commodity normally depends on

- a. Income of the consumer
- b. Price of related commodity
- c. Price of the commodity
- d. All the above

Ans - d

Given,

M4 - Rs. 750000 Crores
M1 - Rs. 400000 Crores
Currency with public - Rs. 100000 Crores
Demand deposit with banking system - Rs. 150000 Crores
Other deposit with RBI - Rs. 150000 Crores
Savings deposit of post office savings banks - Rs. 60000 Crores
All deposit with post office savings bank excluding NSCs - Rs. 50000 Crores

Calculate Time deposit with banking system

- a. Rs. 200000 Crores
 - b. Rs. 250000 Crores
-

- c. Rs. 300000 Crores
d. Rs. 350000 Crores

Ans - c

Solution

M4 = M3+All deposit with post office savings bank excluding NSCs
M3 = M1+Time deposit with banking system
M4 = M1+Time deposit with banking system+All deposit with post office savings bank excluding NSCs
Time deposit with banking system = M4 - M1 - All deposit with post office savings bank excluding NSCs
Time deposit with banking system = 750000 - 400000 - 50000
Time deposit with banking system = 300000 Crores

Factors of Production are:

- a. Land, Labour and Capital
b. Assets, Machineries and Money
c. Land, Labour, Capital and Entrepreneur
d. None of the above.

Ans - c

When the price of a product increases from 40 to 50, the demand for the product decreases by 25%.
What is the price elasticity of demand for the product?

- a. 1
b. 1.5
c. 2
d. 2.5

Ans - a

Solution :

Price Elasticity of Demand = % Change in Quantity Demanded / % Change in Price

% Change in Quantity Demanded = 25
% Change in Price = $10/40 \times 100 = 25$

Price Elasticity of Demand = $25/25 = 1$

EXPAND N E F T.

- a. Nominal Electronic Funds Transfer
- b. National Electronic Funds Transfer
- c. National Electronic Funds Transformation
- d. None of the above

Ans - b

While releasing the data relating to inflation increased by the Govt, it is observed that

- 1) The consumer price index based inflation increased to 11% and
- 2) Whole sale price index based inflation increased to 8%
- 3) The govt. claims that due to implementation of Banks Bi-partite Settlement, there is increase in demand of goods and services leading to increase in consumer prices.
- 4) Further due to increased wages and salaries, there is increase in cost of inputs leading to increase in whole-sale price index.

Answer the following questions, based on the above information.

1. The inflation caused by the the information given at point no.3 in the question, is not called as (i) Core inflation, (ii) Demand Pull inflation (iii) Cost-push inflation

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - b

2. The inflation rate of 8%, represented by the whole sale price, is called:

- a. Core inflation
- b. Headline inflation
- c. Demand Pull inflation
- d. Cost-push inflation

Ans - b

3. The inflation rate 11% represented by the consumer price, is called:

- a. Core inflation
 - b. Headline inflation
-

- c. Demand Pull inflation
- d. Cost-push inflation

Ans - a

4. The inflation caused by the information given at point no.4 in the question, is not called as (i) Core inflation, (ii) Demand Pull inflation (iii) Cost-push inflation

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - a

Population of a town is 100000. The rate of change is 4% per annum. What it will be after 5 years?

- a. 129205
- b. 121665
- c. 122165
- d. 121601

Ans - b

Calculating today's output at today's price reflects GDP.

- a. real
- b. nominal
- c. virtual
- d. None of these

Ans - b

To absorb liquidity from the system, which of the following was introduced by RBI in March 2004?

- a. OMO (Open Market Operations)
- b. MSS (Market Stabilization Scheme)
- c. SCC (Selective Credit Control)
- d. None of these

Ans - b

What would be the consequence of increasing repo (repurchase) rate?

- a. It would be more expensive for banks to borrow money
- b. It would be more cheaper for banks to borrow money
- c. No effect on borrowing from RBI
- d. None of these

Ans - a

.....

A market economy is one..... (i) In which individuals and private firms make the major decisions about production and consumption, (ii) In which the government makes all important decisions about production and distribution.

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - a

.....

After the introduction of financial sector reforms in capital market, depository system was replaced with

- a. 14-day settlement cycle
- b. Badla system
- c. open outcry system
- d. dematting of securities

Ans - d

.....

The definition 'An organization is the rational coordination of the activities of a number of people for the achievement of some common explicit purpose or goal, through division of labour and function and through a hierarchy of authority and responsibility' of an organisation is given by

- a. AK Rice
- b. Abraham Maslow
- c. Edgar Schein
- d. Peter F Drucker

Ans - c

.....

The central bank absorbs excess liquidity from the banks usingSelect the best option.

- a. CRR
- b. SLR
- c. Repo Rate
- d. Reverse Repo Rate

Ans - d

Pick the incorrect statement.

- a. The supply of money, at a given time, is fixed by the monetary authority of the country.
- b. The rate of interest is determined by demand for money and supply of money.
- c. The money demand curve at a given level of income is downward sloping.
- d. Increase in level of money leads to downward shifting of the curve of demand for money (or in short, money demand curve).

Ans - d

Demand Deposits are

- a. Paid on demand
- b. Not paid on demand
- c. Relatively less liquid than time deposits
- d. Both b and c

Ans - a

If in market money supply increase and interest rate is down the LM curve will ...

- a. shift up and to left
- b. shift down and to right
- c. shift up and to right
- d. shift down and to left

Ans - b

Market economy is also known as

- a. Mixed Economy
-

- b. Capitalistic Economy
- c. Command Economy
- d. Socialistic Economy

Ans - b

.....

What is a scatter diagram ?

- a. diagram which scatters all elements of the variable.
- b. A graphic representation of the relationship of the variables
- c. Helps plot observed values
- d. b & c

Ans - d

.....

Which is an example of for sinking fund?

- a. perpetuity
- b. annuity
- c. gratuity
- d. none of the above

Ans - b

.....

If a standard error of a statistic is less than that of another then what is the former is said to be.

- a. efficient
- b. unbiased
- c. consistent
- d. sufficient

Ans - a

.....

The balance sheet of a firm has shown total asset of Rs 20 lacs . The long term uses are Rs 11 lacs and current ratio 1.5:1. What is the amount of current liabilities ?

- a. Rs 11 lacs
 - b. Rs 9 lacs
 - c. Rs 7 lacs
 - d. Rs 6 lacs
-

Ans - d

.....

What is repayment of entire loan principal at the end of the loan period called ?

- a. balloon payment
- b. compounded payment
- c. annuity
- d. term payment

Ans - a

.....

What is the rule of 72 ?

- a. 12 times table
- b. rule for calculating future cash flows
- c. rule for compounding present cash flows
- d. rule for knowing how quickly money doubles

Ans - d

.....

IS curve and Lm curve are relates which of the two variables.

- a. Demand and supply
- b. Money and market
- c. Money and interest rate
- d. Income and rate of interest

Ans – d

.....

Market equilibrium comes at the price at which quantity demanded equals to quantity

- a. Produced
- b. Supplied
- c. in Inventory
- d. in Demand

Ans - b

.....

Which of the following is Capitalistic Economy?

- a. England
- b. China
- c. India
- d. None of the above

Ans - a

X wants to borrow Rs. 25000 immediately and another Rs. 20000 after a period of 2 years @ 10% roi. He wants to pay it in monthly installments for 5 years. Calculate the amount of monthly payment.

- a. 978
- b. 987
- c. 897
- d. 879

Ans - d

Explanation :

Here,

First find PV of 20000 for 2 years @ 10%.

Here, $t = 2 * 12 = 24$ months and $r = 10\% \div 12 = 0.00833$

$$PV = P / (1+R)^T$$

So,

$$PV = 20000 \div (1+0.0083)^{24}$$
$$= 16388.07$$

$$\text{So, total amount} = 25000 + 16388.07 = 41388.07$$

Now,

$$P = 41388.07,$$

$$R = 10\% \div 12 = 0.00833,$$

$$T = 5 * 12 = 60 \text{ months}$$

$$EMI = P * R * [(1+R)^T / (1+R)^T - 1]$$

$$EMI = (41388.07 * 0.00833) * \{(1.0083)^{60} \div (1.0083)^{60} - 1\}$$
$$= 879$$

Demand Schedule is the

- a. Relationship between demand and quantity bought
- b. Relationship between price and quantity bought
- c. Relationship between price and demand
- d. None of these

Ans - b

The evaluation of training consists of the following: Pick the odd one.

- a. Reaction level
- b. Learning level
- c. The behavior level
- d. Operation level

Ans - d

Knowles explained the following three theories: Pick the odd one.

- a. Mechanistic theory
- b. Cognitive theory
- c. Reconciliation Theory
- d. Organismic theory

Ans - c

The behavior of an individual is influenced by four factors namely: Pick up the odd one

- a. Environmental factor
- b. Personal factor
- c. Physical factor
- d. Organizational factor

Ans - c

The parent behavior does not criticize others for their undesirable behavior. (i) caring, (ii) nurturing, (iii) concerned

- a. Only (i) and (ii)
-

-
- b. Only (i) and (iii)
 - c. Only (ii) and (iii)
 - d. (i), (ii) and (iii)

Ans - d

.....

Mitalee is to receive Rs. 60000 from bank at the end of 3 years, being the maturity value of a term deposit. How much he is depositing now, if the interest rate is 10%?

- a. 40578
- b. 45078
- c. 47058
- d. 48075

Ans - b

Explanation :

$$\begin{aligned}PV &= FV \div (1+r)^T \\ &= 60000 \div 1.3331 \\ &= \text{Rs. } 45078\end{aligned}$$

.....

In the life stages of adulthood guiding of next generation start up...

- a. Adolescence
- b. Young Adulthood
- c. Adulthood
- d. Maturity

Ans - c

.....

A fund which is created by companies to make payment of balloon repayment loans by regular annual contributions to have adequate funds at the end of the period, when repayment fails due is called

- a. reserve fund
- b. balloon fund
- c. sinking fund
- d. repayment fund

Ans - c

.....

.....

Nominal GDP is also known as

- a. GDP at current price
- b. GDP at constant price
- c. GDP at variable price
- d. None of these

Ans - a

.....

Calculating today's output at yesterday's price reflects GDP.

- a. real
- b. nominal
- c. virtual
- d. None of these

Ans - a

.....

As part of the concept of self-development, the self can be categorized into (i) patent self, (ii) explicit self, (iii) inner self

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - b

.....

A bond with Rs. 1000 par value has a Coupon rate of 12%. The required rate of return on the bond is 14% and it is maturing in 8 years. Find the value of the bond.

- a. 920
- b. 907
- c. 913
- d. 927

Ans - b

.....

86th constitutional amendment has made free and compulsory education to all children upto

- a. Girls Upto age 14
- b. Up to 10th class to girl
- c. 6 to 14 yr to all children
- d. 6 to 14 yr to all Girls

Ans - c

Pick up the wrong one

- a. Job description is about the job that an employee has to perform
- b. Job specification relates to the requirements in terms of educational qualification, age, experience etc
- c. Job evaluation relates to the comparison between similar jobs within the organization or between organizations or within the industry
- d. All the above

Ans - c

.....is for learning to prepare the individual for a different but identified job.

- a. Training
- b. On job training
- c. Education
- d. Development

Ans - d

Knowles(Nadler) categorised adult learning process in different theories. Match the followings-

- a. Mechanistic/behaviorist Theories- i) Equate man with his brain.
- b. Organicismic/humanistic - ii) Learner is passive in the process of learning.
- c. Cognitive theories - iii) freedom to learn

- a. a-i b-ii c-iii
- b. a-ii b-iii c-i
- c. a-iii b-ii c-i
- d. a-ii b-i c-iii

Ans - B

DER is 3:1, the amount of total assets Rs 20 lac , current ratio is 1.5:1 and owned funds Rs 3 lac. What is amount of current assets?

- a. 3 lac
- b. 5 lac
- c. 12 lac
- d. 15 lac

Ans - c

Owned fund= equity= 3 lac

Since DER = 3:1

i.e Debt: equity = 3:1

Hence Debt = 9 lac

(If we consider debt and equity as long term liabilities then term liability works out to 12(9+c. lac)

Here total assets is 20 lac

Now as per balance sheet equation total Assets= total liabilities

Hence here total liabilities will be 20 lac also

Now term liabilities of Rs 12 lac and remaining 8 lac as current liabilities (12+8=20)

Hence CL=8 lac, Since here CR=1.5:1 then

1.5:1=CA:8

i.e CA= 1.5×8=12 lac

According to, economics is the science which studies human behavior as relationship between ends and scarce means which have alternate uses.

- a. Alfred Marshall
- b. Lionel Robbins
- c. Adam Smith
- d. None of these

Ans - b

Money is anything which performs the following. Pick up the odd one.

- a. A measure of value
- b. Medium of exchange
- c. A store of value over time
- d. Measure of prosperity

Ans - d

Which of the following is the amount of Funds borrowed by the government to meet the expenditures?

- a. Fiscal Deficit
- b. Current account
- c. Fiscal policy
- d. Public finance

Ans - a

Maximum credit limit to Micro & Small Services Sector is Rs Crores

- a. 2
- b. 3
- c. 4
- d. 5

Ans - d

GNP=GDP+NFIA, NFIA stands for

- a. Net foreign Income from abroad
- b. Net Factor Income From Aboard*
- c. Net Factor From America
- d. Net foreign Income Account

Ans - b

Under MSME, first M stand for

- a. Medium
- b. Micro
- c. Manufacturing
- d. Either B or C

Ans - b

GDP evaluated at current market prices is known as

- a. NNP
 - b. NDP
-

- c. Nominal GDP
- d. None of the Above

Ans - c

The term "Hindu rate of growth" refers to the 3.5% per annum growth rate achieved by the Indian economy over the first six Five-Year Plans. The term was coined by

- a. Chakravaty
- b. J.N. Bhagwati
- c. Raj Krishna
- d. K.N. Raj

Ans - c

Which of the following assumptions is not correct in relation to Hicks' theory of business cycle ?

- a. The equilibrium of the economy is influenced by changes in consumption and investment
- b. Full employment is the ceiling of expansion
- c. Autonomous investment increases at some constant rate even during depression
- d. Accelerator remains operative in all phases of business cycle, but the multiplier stops operating during depression

Ans - d

The graphical representation of the 'demand schedule' is

- a. Demand curve
- b. Demand Elasticity curve
- c. Demand supply curve
- d. Demand scheduled curve

Ans - a

Suppose a population has N items and n items are selected with replacement. Number of all possible samples will be

- a. N^n
 - b. NC_n
 - c. N
-

d. n

Ans - a

In random sampling, the probability of selecting an item from the population is

- a. Unknown
- b. Known
- c. Un-decided
- d. One

Ans - b

Non Sampling error is reduced by

- a. Increasing Sample Size
- b. Decreasing Sample Size
- c. Reducing Amount of Data
- d. None of these

Ans - d

Any numerical value calculated from sample data is called

- a. Error
- b. Statistic
- c. Bias
- d. Mean

Ans - b

Any numerical value computed from population is called

- a. Statistic
- b. Bias
- c. Sampling Error
- d. Parameter

Ans - d

The central limit theorem

- a. Requires some knowledge of the frequency distribution
- b. Permits us to use sample statistics to make inferences about population parameters
- c. Relates the shape of a sampling distribution of the mean to the man of the sample
- d. Requires a sample to contain fewer than 30 observations

Ans - b

.....

Mr. Ram wants to have Rs 20000 after a year. How much he should deposit in a bank to get this amount if the prevailing rate of interest is 9% ?

- a. 17896
- b. 18104
- c. 18224
- d. 18348

Ans - d

.....

In Random Sampling, we pick up one, keep it away and then pick another from the remaining. This is called...

- a. Sampling with replacement
- b. Simple random sampling
- c. Sampling without replacement
- d. None of the above

Ans - c

.....

The standard error of the mean for a sample size of two or more is

- a. Always greater than the standard deviation of the population
- b. Generally greater than the standard deviation of the population
- c. Usually , the standard deviation of the population
- d. None of these

Ans - c

.....

Who called workers as Vital machines ?

- a. Hanery Foyal
- b. Peter Duker
- c. Elton Mayo
- d. Charles Babbage

Ans - b

Establishing Training and Development system as part of the HRD efforts doesn't involve...

- a. identification of training needs
- b. conducting the training
- c. evaluation of training
- d. None of these

Ans - d

Alka borrowed Rs. 65600 for 2 years at 5% p.a., to be returned in 2 equal installments. What is the amount of installment?

- a. 38520
- b. 38250
- c. 35820
- d. 35280

Ans - d

Explanation :

Here,

$$P = 65600$$

$$R = 5\% \text{ p.a.}$$

$$T = 2 \text{ yrs}$$

$$EMI = P * R * [(1+R)^T / (1+R)^T - 1]$$

$$EMI = 65600 \times 0.05 \times 1.052 \div (1.052 - 1) \\ = 35280$$

Which of the following is not an unsatisfactory sign in conduct of the account of the borrower?

- a. Delay in payment of interest or installments,
- b. routing of transactions with some other bank
- c. Frequent over drawings
- d. High turnover

Ans - d

.....

Which of the following is not the purpose credit audit?

- a. Improvement in the quality of credit portfolio
- b. Review sanction process and compliance status of large loans
- c. Feedback on regulatory compliance
- d. Stock inspection

Ans - d

.....

Purpose of appointing bank's nominee on company's board of borrowing company is

- a. To keep a tab on the important decisions of the board
- b. To be a part of the management
- c. To guide the company for better working
- d. To safeguard the securities charged to the bank

Ans - a

.....

Which of the Following k not a risk mentioned in the Basel II Accord

- a. Operational risk
- b. Market risk
- c. Default risk
- d. Credit risk

Ans - c

.....

Given,

Corporation tax - Rs. 500 Crores
Income tax - Rs. 400 Crores

Other taxes and duties - RS. 200 Crores
Customs - RS. 500 Crores
Union exercise tax - Rs. 400 Crores
Service tax - Rs. 700 Crores
Tax of union territories- Rs. 200 Crores
Interst receipt - Rs. 500 Crores
Devident & profit - Rs. 800 Crores
External grant - Rs. 200 Crores
Other non tax revenue - Rs. 900 Crores
State Share - Rs. 500 Crores
Receipt of union territories - Rs. 700 Crores
Trf to NCCD (National calamity Contingency fund. - Rs. 200 Crores

Calculate Gross Tax Revenue ...

- a. Rs 1900 Crores
- b. Rs 2200 Crores
- c. Rs 2900 Crores
- d. Rs 3800 Crores

Ans - c

Solution :

Gross Tax revenue = Corporation Tax + Income tax + other tax & duties + customs + union excise duties + service Tax + taxes on union territories
= 500+400+200+500+400+700+200
= 2900 Crores

Find the price of a zero-Coupon bond maturing in 5 years and has a par value of 1000 and a required yield of 6%.

- a. 733
- b. 744
- c. 755
- d. 766

Ans - b

Explanation :

Using bond's price formula, here Coupon = 0 and hence,
Zero-Coupon Bond's price = Face Value \div (1 + R)^T = 1000 \div 1.065

.....
But, unless otherwise mentioned, the required yield of most zero-Coupon bonds is based on a semi-annual Coupon payment.

So, Price
= $1000 \div 1.0310$
= 744
.....

Which of the following is not a credit risk?

- a. Unwillingness of a customer to meet his commitment relating to a financial transaction with the bank
- b. Inability of the customer to reimburse the bank in case of invocation of a guarantee or devolvement of an L.C
- c. Inability of a customer to meet his commitment relating to a financial transaction with the bank
- d. Loss to the bank due to fraud

Ans - d
.....

Business Cycle is also known as

- a. Entrepreneur cycle
- b. Economic cycle
- c. Vicious circle
- d. None of the above

Ans - b
.....

For $Y = a - bX$ we say that relationship between Y and X is

- a. direct & linear
- b. indirect & linear
- c. indirect & curvilinear
- d. direct & curvilinear

Ans - b
.....

A time series of annual data will contain which of the following components

- a. secular trend
 - b. cyclical fluctuation
 - c. seasonal variation
-

d. a & b

Ans - d

Removing the highest & lowest actual-to-moving average values when computing seasonal index for annual data reduces

- a. extreme cyclical variations
- b. secular trend
- c. seasonal variations
- d. all of these

Ans - a

CHIPS is a

- a. Net settlement system
- b. Gross settlement system
- c. settles in forex currency only
- d. a & c both

Ans - a

Structured Financial Messaging System (SFMS) is for

- a. Inter-bank messaging
- b. Intra Bank messaging
- c. RTGS
- d. All of the above

Ans - d

Electronically, customers fund can be transmitted across the bank by

- a. CENTRALISED BANKING SYSTEM
- b. SFMS
- c. RTGS
- d. ATMS

Ans – c

Pick the correct statement.

- a. IS curve tells us what will be various rates of interest at different levels of income, given the investment demand curve and a family of saving curves at different levels of income.
- b. LM curve is obtained from a family of liquidity preference curves corresponding to various income levels together with the given stock of money supply.
- c. LM curve depicts the various combinations of interest and income levels, at which money market is in equilibrium.
- d. All are correct.

Ans - d

.....

Narrow Money consists of

- a. Currency with the public + demand deposits with the banking system + other deposits with the RBI
- b. Currency with the public + time deposits + other deposits
- c. Time deposits + demand deposits + other deposits with the RBI
- d. Currency with the public + Demand Deposits

Ans - a

.....

Who gave wealth theory (definition) of economics?

- a. Alfred Marshall
- b. Lionel Robbins
- c. Adam Smith
- d. None of these

Ans - c

.....

..... is a measure of level of prices of all new, domestically produced final goods and services in an economy.

- a. WPI
- b. GDP deflator
- c. Price index
- d. CPI

Ans - b

.....

Shifts in supply means

- a. When changes in factors other than goods own price affect the quantity supplied
- b. When changes in goods own price affect the quantity supplied
- c. Both a and b
- d. None of these

Ans - a

.....

The training and development involves the following. Pick up odd one

- a. Identification of training needs
- b. Conducting the training
- c. Duration of training
- d. Selection and development of trainers

Ans - c

.....

The people component is becoming the key factor to success of strategy

- a. For survival
- b. For growth
- c. For achieving excellence.
- d. For social status

Ans - d

.....

The theories associated with the actual teaching are:

- a. Learning in employees is enhanced when the learner is motivated
- b. Learning requires feedback
- c. Reinforcement increases the likelihood that a learned behavior will be repeated
- d. Learning must be non transferable to the job

Ans - d

.....

Demographic advantage is called.....

- a. preference
 - b. dividend
-

- c. premium
- d. coupon

Ans - b

.....

Government of india introduced.....policy for raising interest rate to combat inflation.

- a. Expansionary policy
- b. Monetary policy
- c. Fiscal policy
- d. Contractionary policy

Ans - d

.....

Which is not true?

- a. Personnel department is final authority in policy related decisions
- b. Line management is the final authority in performance related decisions concerning promotions.
- c. HR professionals must have qualifications in HRM.
- d. Managing people is a Operational Function

Ans - d

.....

Go through the following data and answer the questions (all in Indian Rupees in Crores)

1. Consumptions - Rs. 30000
2. Gross investment - Rs. 40000
3. Govt spending - Rs. 20000
4. Export - Rs. 70000
5. Import - Rs. 60000
6. Taxes - Rs. 5000
7. Subsidies(on production and import) - RS. 1000
8. Compensation of employee - Rs. 500
9. Property Income(net receivable from aboard. - Rs. 500
- 10.Total capital gains from overseas investment - Rs. 1500
- 11.Income earned by foreign national domestically - Rs. 500

Calculate GNI

- a. Rs. 96000
 - b. Rs. 105000
-

- c. Rs. 110000
- d. Rs. 115000

Ans - b

Solutions :

$$\begin{aligned} \text{GDP} &= \text{C} + \text{I} + \text{G} + (\text{X} - \text{M}) \\ &= 30000 + 40000 + 20000 + (70000 - 60000) \\ &= 100000 \end{aligned}$$

$$\begin{aligned} \text{GNI} &= \text{GDP} + (\text{taxes} - \text{subsidies}) + \text{Compensation of Employees} (\text{Net receivable from abroad}) + \text{property} \\ &\text{income} (\text{Net receivable from abroad}) \\ &= 100000 + (5000 - 1000) + 500 + 500 \\ &= 105000 \end{aligned}$$

A 6 year bond with par value Rs. 1000 has a current yield of 7.5% & a Coupon rate of 8%. What is the bond's price?

- a. 1032
- b. 1302
- c. 1203
- d. 1023

Ans - d

Out of the following, which 3 measures are used in correlation analysis:

a) standard error, b) covariance, c) standard deviation, d) coefficient of correlation, e) coefficient of determination.

- a. a, b, c
- b. a, c, e
- c. b, d, e
- d. b, c, e

Ans - c

Correlation coefficient measures the of the linear relationship.

- a. ratio
 - b. strength
-

- c. value
- d. none of these

Ans - b

.....

The correlation coefficient is denoted by

- a. y
- b. S
- c. r
- d. x

Ans - c

.....

Which of the following is not a purpose of credit monitoring?

- a. To ensure end use of the funds by the borrower
- b. To detect any deterioration in the security charged to the bank
- c. To comply with the guidelines of the RBI
- d. To ascertain that the business continues to run on the projected lines

Ans - c

.....

The three phases of recruitment process are

- a. Planning, Implementing, Evaluating
- b. Planning, Implementing, Screening
- c. Planning, Implementing, Enrichment
- d. Planning, Screening, Evaluating

Ans - a

.....

Which of the following is not a tool available to check the bank for credit monitoring?

- a. Sending regular reminders to the borrower
- b. Periodic visits to the business place for inspection
- c. Analysis of financial statements
- d. Examine conduct of borrower's account

Ans - a

.....

.....

R B I has suggested which of the following earliest date of making application by banks to R B I regarding implementation of the advanced approaches (Foundation as well as I R b).

- a. 1, April 2012
- b. 1, April 2013
- c. 1, April 2014
- d. 1, April 2015

Ans - a

.....

If A invests Rupees 100 at 7 percent interest rate for 3 years, what will be the value at the end of 3 years?

- a. 125.20
- b. 122.50
- c. 152.50
- d. 120.50

Ans - b

.....

A constant flow paid or received at regular time intervals for ever is known as...

- a. Annuity
- b. Perpetuity
- c. Growing annuity
- d. Growing perpetuity

Ans - b

.....

What amount you would need to invest in the annuity if you want to get paid Rs. 20,000 a year for 20 years when the roi is 5%?

- a. 249244
- b. 242944
- c. 244299
- d. 242499

Ans - a

Explanation :

Here,

20000 is to be get paid each year, so the formula is derived from EMI formula:

.....

$$PV = P / R * [(1+R)^T - 1] / (1+R)^T$$
$$PV = 20000 \times (1.0520 - 1) \div (0.05 \times 1.0520)$$
$$= 249244$$

Which label can be applied for the purpose of facilitating communication, in an individual's preparation for an identified job in a not-too-distant future ?

- a. Training
- b. Education
- c. Development
- d. None of the above

Ans - b

When the adult education is organized with the model (for children), it is known as.....

- a. Child modeling
- b. Andragogy
- c. Pedagogy
- d. paragogy

Ans - c

The value of r2 is 0.49, then coefficient of correlation is

- a. 0.49
- b. 0.7
- c. 0.07
- d. cannot be determined

Ans - d

In systematic sampling, each does not have an equal chance of being selected.

- a. sample
- b. element
- c. both of these
- d. none of these

Ans – a

Floods, wars, etc are examples of

- a. secular trend
- b. cyclical fluctuation
- c. seasonal variation
- d. irregular variation

Ans - d

Statutory corporations are controlled by which act for credit management?

- a. Indian contract act
- b. Company act
- c. Acts that created them
- d. Indian partnership act

Ans - c

Which one of the following is not a non fund base credit ?

- a. Letter of credit
- b. Bill discounting
- c. Co-acceptance of bills
- d. Forward contracts

Ans - b

The population is divided into groups and then a random sample of these groups are selected in

- a. Simple Random Sampling
- b. Systematic Sampling
- c. Stratified Sampling
- d. Cluster Sampling

Ans - d

The aim of a rehabilitation programme is

- a. To make the operations of the enterprise viable again
 - b. To help in employment generation
-

- c. To comply with R B I guidelines
d. To increase bank's advances

Ans - a

In a normal distribution 95.5% of all the sample statistics are within standard errors of the population parameter

- a. $\pm 5\%$
b. $\pm 2.25\%$
c. $\pm 3\%$
d. none of the above

Ans - b

Banks enter into compromise with borrowers in case of default, because

- a. Recovery through legal action is time consuming
b. Adequate security is not available
c. Realization or security may be difficult
d. All the above

Ans - d

As per RBI guidelines, Commercial banks are required to lend of priority sector to weaker sections.

- a. 10%
b. 18%
c. 25%
d. 32%

Ans - c

Given,

Corporation tax	- Rs. 1000 Crores
Income tax	- Rs. 800 Crores
Other taxes and duties	- RS. 600 Crores
Customs	- RS. 800 Crores
Union exercise tax	- Rs. 600 Crores
Service tax	- Rs. 500 Crores

Tax of union territories- Rs. 300 Crores
Interest receipt - Rs. 500 Crores
Dividend & profit - Rs. 700 Crores
External grant - Rs. 300 Crores
Other non tax revenue - Rs. 1000 Crores
State Share - Rs. 600 Crores
Receipt of union territories - Rs. 800 Crores
Trf to NCCD (National calamity Contingency fund) - Rs. 300 Crores

Calculate Gross Tax Revenue ...

- a. Rs 3800 Crores
- b. Rs 4300 Crores
- c. Rs 4600 Crores
- d. Rs 5600 Crores

Ans - c

Solution :

Gross Tax revenue = Corporation Tax + Income tax + other tax & duties + customs + union excise duties + service Tax + taxes on union territories
= 1000+800+600+800+600+500+300
= 4600 Crores

Which is a basic element of a job ?

- a. Job
- b. Task
- c. Role
- d. Work

Ans – b

You have a choice between investing in a corporate bond or a municipal bond with a yield of 8%. If your marginal tax rate is 28% , what should be the yield on the corporate bond in order to be competitive?

- a. 12.36
- b. 11.11
- c. 14.32
- d. 13.34

Ans – b

.....
Demand for a product at Rs. 10 per unit is 400. If the price elasticity of demand is 1, how much the demand will be at Rs. 16 per unit?

- a. 240
- b. 200
- c. 160
- d. 120

Ans - c

Solution :

Price Elasticity of Demand = % Change in Quantity Demanded / % Change in Price

$$\% \text{ Change in Quantity Demanded} = 400-x/400*100 = (400-x)/4$$

$$\% \text{ Change in Price} = 6/10*100 = 60$$

Price Elasticity of Demand = % Change in Quantity Demanded / % Change in Price

$$1 = ((400-x)/4)/60$$

$$60 = (400-x)/4$$

$$240 = 400-x$$

$$x = 400-240$$

$$x = 160$$

.....
When the price of a commodity falls from Rs. 40 per unit to Rs. 32 per unit, the quantity supplied falls by 30%. Calculate the price elasticity of supply.

- a. 1
- b. 1.5
- c. 2
- d. 2.5

Ans - b

Solution :

Price Elasticity of Supply = (% change in quantity supplied) / (% change in price)

$$= 30/(40-32)*100/40$$

$$= 30/8*100/40$$

$$= 30/20$$

$$= 1.5$$

Advances upto 01.04.2013 for purchase and distribution of fertilizers, pesticides, seeds etc. upto Rs.... are covered under priority sector.

- a. 25 Lakhs
- b. 50 Lakhs
- c. 1 Crore
- d. 5 Crores

Ans - d

Who is called as the founder of scientific management approach ?

- a. Charles Babbage
- b. Elton Mayo
- c. Fredrick taylor
- d. Peter Duker

Ans - c

The chapter argues that one of the following attributes of potential employees is of heightened interest to employers when recruiting. Which one is it?

- a. The candidate's physical health
- b. The candidate's ability to deal with customers
- c. The candidate's ability to prepare for and cope with an uncertain future
- d. The candidate's organizational abilities

Ans - c

The approach which was instilled in the principles of mass production, organization of work, simple work skills and supervisory managerial skills is termed as.

- a. The scientific management approach
- b. Craft system
- c. Human relations
- d. organisational behaviour

Ans - a

KPA stands for...

- a. Key Performance Areas
- b. Knowledge, Performance and Attitude
- c. Knowledge, potential and Achievement
- d. None of the above

Ans - a

.....

The education model available for education of children is called

- a. Andragogy
- b. Cognitive
- c. Pedagogy
- d. Minorology

Ans - c

.....

Which label can be applied for the purpose of facilitating communication, to improve the performance of individual on his present job ?

- a. Training
- b. Education
- c. Development
- d. None of the above

Ans - a

.....

Which of the following is not a source for meeting working capital requirements?

- a. Suppliers' credit
- b. Bank finance
- c. Other current liabilities
- d. Advance payment to suppliers

Ans - d

.....

Which theories state that the learner is passive in the process of learning ?

- a. Organismic Theories
-

- b. Mechanistic or Behaviourist Theories
- c. Cognitive Theories:
- d. Humanistic Theories

Ans - b

.....

The concept of howthorne studies was given by...

- a. Fredrick tylor
- b. Charles Bbbage
- c. Elton Mayo
- d. Peter Duker

Ans - c

.....

Which encompasses socio-psychological relationship ?

- a. Job
- b. Task
- c. Role
- d. Work

Ans - d

.....

A bond is issued with a face value of 1000 that pays a Rs. 25 Coupon semi-annually. Find its Coupon rate.

- a. 4
- b. 5
- c. 6
- d. 7

Ans - b

Explanation :

Coupon = Face Value × Coupon Rate

$$25 = 1000 \times CR \div 2$$

So, CR = 5%

.....

A card is drawn at random from a deck of cards. Find the probability of getting 3 of diamond.

- a. $1/52$
- b. $1/38$
- c. $3/56$
- d. $3/38$

Ans - a

LIABILITIES :

Equity capital → 200
Preference capital → 100
Term loan → 600
Bank CC(Hyp) → 400
Sundry creditors → 100

ASSETS :

Net fixed assets → 800
Inventory → 300
Receivables → 150
Investment in Gov Sec → 50
Preliminary Expenses → 100

Total outside liabilities/ Total tangible net worth

DER = ?

Tangible net worth = ?

Current ratio = ?

Ans - 5.5, 2:1, 200, 1:1

Which of the following is an external factor affecting credit risk?

- a. Government policies
- b. Faulty loan and repayment structuring
- c. Overexposure (concentration) of credit to a particular segment
- d. Lack of an efficient recovery machinery

Ans - a

Which of the following is not an internal factor affecting credit risk?

- a. Excessive lending to cyclical industries
- b. Low quality of credit appraisal and monitoring
- c. Deficiencies in the loan policy of the bank
- d. Protectionist policies of other countries

Ans - d

.....

Which of the following is not a macro level action for mitigation of credit risk?

- a. Periodically reviews of the exposure norms for single and group borrowers
- b. Improving appraisal standards of credit proposals
- c. Frequent reviews of norms and fixing internal limits for aggregate commitments to specific sectors of the industry or business
- d. Periodic review of total credit portfolio based on quality parameters

Ans - b

.....

The current ratio of M/S Krishna & Co. was 2:1 and current assets of Rs 20 lac. Stocks worth Rs 5 lac are damaged and there is no insurance. What is the new current ratio, if the total assets are Rs 40 lac ?

- a. 1.75
- b. 1.5
- c. 1.33
- d. 1.25

Ans - b

.....

A firm revalues its land and building from Rs 40 lac to Rs 100 lac. If the current asset before this revaluation was 1.33:1 with current liabilities of Rs 100 lac. What will be new current ratio ?

- a. 1.17
- b. 1.25
- c. 1.33
- d. 1.50

Ans - c

.....

The central limit theorem assures us that the sampling distribution of the mean

- a. Is always normal
- b. Is always normal for large sample sizes
- c. Approaches normality as sample size increases
- d. Appears normal only when N is greater than 1,000

Ans - b

.....

..... is a prominent feature of Type B personalities.

- a. Doing several things at one time
- b. Feeling guilty when relaxing
- c. Being aggressive
- d. Being patient and methodical

Ans - d

.....

..... rate at which the RBI lends short term money to the banks.

- a. Reverse Rate
- b. Repo rate
- c. OMO
- d. SLR

Ans - b

.....

The term was coined to differentiate adult learning process from that of child learning.

- a. Andragogy
- b. Cognitive
- c. Pedagogy
- d. Minorology

Ans - a

.....

A firm needs Rs. 170000 to replace its machinery at the end of 5 years. At 12% roi, how much it should contribute every month?

- a. 2802
-

- b. 2082
- c. 2820
- d. 2028

Ans - b

Explanation :

Here,

$$FV = 170000$$

$$R = 12\% \text{ p.a.} = 0.01\% \text{ monthly}$$

$$T = 5 \text{ Y} = 60 \text{ months}$$

(Here, the firm has to contribute monthly, so we have converted rate and time to monthly equivalent values)

FV, if invested at end of each month / year, is:

$$FV = P / R * [(1+R)^T - 1]$$

$$170000 = P * (1.0160 - 1) \div 0.01$$

$$170000 = P * 81.66967$$

$$P = 170000 / 81.66967$$
$$= 2082$$

Find Correlation coefficient for X and Y values given below :

$$X = (1, 2, 3, 4, 5)$$

$$Y = \{11, 22, 34, 43, 56\}$$

- a. 0.8899
- b. 0.9989
- c. 1.0899
- d. 1.0989

Ans - b

Explanation :

Step 1: Find Mean for X and Y

$$X = 15/5 = 3$$

$$Y = 166/5 = 33.2$$

Step 2: Calculate Standard Deviation for Y inputs:

$$\sigma_x =$$

$$\begin{aligned} & \sqrt{\frac{1}{(N-1)}((x_1-x_m)^2+(x_2-x_m)^2+\dots+(x_n-x_m)^2)} \\ & =\sqrt{\frac{1}{(5-1)}((11-33.2)^2+(22-33.2)^2+(34-33.2)^2+(43-33.2)^2+(56-33.2)^2)} \\ & =\sqrt{\frac{1}{4}((-22.2)^2+(-11.2)^2+(0.8)^2+(9.8)^2+(22.8)^2)} \\ & =\sqrt{\frac{1}{4}((492.84)+(125.44)+(0.64)+(96.04)+(519.84))} \\ & =\sqrt{308.7} \\ & =17.5699 \end{aligned}$$

Step 3: Standard Deviation for X Inputs:

$$\begin{aligned} \sigma_x &= \sqrt{\frac{1}{(N-1)}((x_1-x_m)^2+(x_2-x_m)^2+\dots+(x_n-x_m)^2)} \\ & =\sqrt{\frac{1}{(5-1)}((1-3)^2+(2-3)^2+(3-3)^2+(4-3)^2+(5-3)^2)} \\ & =\sqrt{\frac{1}{4}((-2)^2+(-1)^2+(0)^2+(1)^2+(2)^2)} \\ & =\sqrt{\frac{1}{4}((4)+(1)+(0)+(1)+(4))} \\ & =\sqrt{2.5} \\ & =1.5811 \end{aligned}$$

$$\begin{aligned} \Sigma(X - \mu_x)(Y - \mu_y) &= (1-3)(11-33.2)+(2-3)(22-33.2)+(3-3)(34-33.2)+(4-3)(43-33.2)+(5-3)(56-33.2) \\ &= (-2*-22.2) + (-1*-11.2) + (0* 0.8) + (1 *9.8) + (2* 22.8) \\ &= 44.4 + 11.2 + 0 + 9.8 + 45.6 \\ &= 111 \end{aligned}$$

$$\text{Correlation Coefficient} = \frac{111}{((5-1)*1.5811*17.5699)}$$

$$\text{Correlation Coefficient (r)} = 0.9989$$

Hence the correlation coefficient between the two given data set is 0.9989

Suppose that, for a certain population, sigma xbar is calculated as 20 when samples of size 25 are taken and as 10 when samples of size 100 are taken. A quadrupling of sample size, then, only halved sigma xbar. We can conclude that increasing sample size is

- a. Always cost-effective
- b. Sometimes cost-effective
- c. Never Cost-effective

d. None of the above

Ans - d

Suppose you are performing stratified sampling on a particular population and have divided it into strata of different sizes. How can you now make your sample selection? (i) Select at random an equal number of elements from each stratum, (ii) Draw equal numbers of elements from each stratum and weigh the results, (iii) Draw numbers of elements from each stratum proportional to their weights in the population.

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

Factors of production are categorised intocategories.

- a. 2
- b. 3
- c. 4
- d. 5

Ans - c

Narrow money is indicated by...

- a. M1
- b. M2
- c. M3
- d. M4

Ans - a

Which of the following statements is not correct for project appraisal?

- a. Examination of technical feasibility is carried out
 - b. The contribution of promoters forms a part of economic appraisal
 - c. Promoters' background is part of the management appraisal
-

d. Capacity of promoters to arrange for additional funds, in case of contingencies, forms a part of economic appraisal.

Ans - d

.....

Which of the following is not a credit risk?

- a. Unwillingness of a customer to meet his commitment relating to a financial transaction with the bank
- b. Inability of the customer to reimburse the bank in case of invocation of a guarantee or devolvement of an L.C
- c. Inability of a customer to meet his commitment relating to a financial transaction with the bank
- d. Loss to the bank due to fraud

Ans - d

.....

Total liabilities of a firm is Rs 100 lac and current Ratio is 1.5:1. If fixed assets and other non current assets are to the tune of Rs 70 lac and Debt equity ratio being 3:1. What would be the long term liabilities ?

- a. Rs 60 lac
- b. Rs 50 lac
- c. Rs 40 lac
- d. Rs 100 lac

Ans - a

.....

Which one is not an economic activity?

- a. Investment
- b. Production
- c. Consumption
- d. None of these

Ans - d

.....

Time Deposits are

- a. Paid on demand
 - b. Not paid on demand
 - c. Relatively less liquid than cash and demand deposits
-

.....
d. Both a and b

Ans - d
.....

..... phase of business cycle is referred as "crisis"

- a. Recession
- b. Depression
- c. Recovery
- d. Boom

Ans – a
.....

Who gave Scarcity theory of economics?

- a. Alfred Marshall
- b. Lionel Robbins
- c. Adam Smith
- d. None of these

Ans - b
.....

Service sector is also referred as

- a. Primary Sector
- b. Secondary Sector
- c. Tertiary Sector
- d. None of these

Ans - c
.....

Demand deposits are

- a. Paid on demand
- b. Not paid on demand
- c. Relatively less liquid than cash and demand deposits
- d. Both a and b

Ans - a
.....
.....

HR manager must be familiar with (i) Strategic planning, (ii) Production department, (iii) Marketing and finance

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

Creating culture of honoring experience is a tool of (i) keeping retirees, (ii) keeping employees, (iii) attracting retirees

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - b

Passive factor of production is (i) land, (ii) capital

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - d

Rearrange the steps in training programme.

- A. What should be the level of training
- B. What principles of learning
- C. Who are the trainees?
- D. What methods and techniques?
- E. Where to conduct the programme?
- F. Who are the trainers?

- a. ABCDEF
 - b. DECAFB
 - c. CADFBE
-

d. CFDABE

Ans - d

..... is a list of job"s "human requirements," that is requisite education, skills, personality and so on.

- a. Job Specification
- b. Job Analysis
- c. Job Description
- d. All of the above

Ans - a

Natural resources determine the course of development and constitute the challenge which may not be accepted by the human mind. "Who has said it"?

- a. W. Arthur Lewis
- b. J.I. Fisher
- c. Jan Tinbergen
- d. W.W. Rostow

Ans - a

Who has sought to measure Consumer's Surplus with the help of indifference curve technique?

- a. Alfred Marshall
- b. W. Arthur Lewis
- c. J.R. Hick
- d. Pareto

Ans - c

Mean Deviation can be calculated from (i) Mean, (ii) Median, (iii) Mode

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

Select the incorrect statement.

- a. The higher the level of income, the lower would be the liquidity preference curve.
- b. If the rate of interest is lower than the equilibrium rate, there will be excess demand for money.
- c. Excess demand for money at an interest rate below the equilibrium leads to the rise in the interest rate of the equilibrium level.
- d. Given the money demand curve or curve of liquidity preference, an increase in quantity of money brings down the rate of interest.

Ans - a

The formula " $C + I + G + (X - M)$ ", (where C stands for consumption, I for gross investment, G for government spending, X for exports and M for imports) is known as method and is used to calculate

- a. income, GDP
- b. expenditure, GNI
- c. income, GNP
- d. expenditure, GDP

Ans - d

Broad money is indicated by

- a. M1
- b. M2
- c. M3
- d. M4

Ans - c

The deposit liabilities that banks have to maintain with the RBI in the form of liquid cash is known as and it is a certain percentage of their demand and time liabilities.

- a. CRR, net
- b. CRR, total
- c. SLR, net
- d. SLR, total

Ans - a

Which combination is wrong for definition of economics?

- a. Alfred Marshall - welfare definition
- b. Lionel Robbins - Scarcity definition
- c. Adam Smith - wealth definition
- d. Alfred Marshall - wealth definition

Ans - d

Population of a town is 100000. The rate of change is 4% per annum. What it was 5 years ago?

- a. 82193
- b. 82257
- c. 80493
- d. 82121

Ans - a

In demand curve, quantity and prices are related.

- a. Directly
- b. Inversely
- c. Indirectly
- d. Market

Ans - b

The amount that all banks have to maintain in cash or in the form of gold or approved securities is known as and it is a certain percentage of their demand and time liabilities.

- a. CRR, net
- b. CRR, total
- c. SLR, net
- d. SLR, total

Ans - d

Which of the following statements is true about 'Inflation?'

- a. A rise in the general level of prices
-

-
- b. Leads to fall in purchasing power
 - c. Both a. and b.
 - d. None of the above

Ans - c

.....

In which stage ideal worker are come forward to work on low wages.

- a. Recession
- b. depression
- c. Recovery
- d. Boom

Ans - c

.....

A sum of Rs. 32800 is borrowed to be paid back in 2 years by two equal annual installments allowing 5% compound interest. Find the annual payment.

- a. 16470
- b. 16740
- c. 17460
- d. 17640

Ans - d

Explanation :

Here,

PV =?

P = Rs. 32800

T = 2 years

R = 5% = 0.05

$$PV = P / R * [(1+R)^T - 1]/(1+R)^T$$

$$32800 = P \times (1.052 - 1) \div (0.05 \times 1.052)$$

$$P = 32800 \div 1.8594$$

$$P = 17640$$

.....

The proportion of the population contained in a sample is the

- a. stratified sampling
- b. standard deviation
- c. sample proportion
- d. sampling fraction

Ans - d

.....

A standard error indicates

- a. size of the chance error
- b. accuracy we are likely to get
- c. both of these
- d. none of these

Ans - c

.....

The standard deviation of the sampling distribution is equal to the

- a. population standard deviation divided by the square root of the sample size.
- b. population standard deviation multiplied by the square root of the sample size.
- c. sample size divided by the square root of the population standard deviation.
- d. none of these

Ans - a

.....

Which of the following is not a micro level action for mitigation of credit risk?

- a. Improving sanctioning and delivering process
- b. Abstention of collateral security
- c. Monitoring and review of individual proposals/categories of proposals
- d. Periodical reviews of the exposure limits for business or industry segment

Ans - d

.....

Which of the following statements is not true regarding credit derivatives products?

- a. These are used to hedge credit risk to the bank
 - b. The protection buyer is the lending bank
-

- c. The protection seller can be another bank or any other organization
- d. The credit asset is transferred in case of derivatives

Ans - d

.....

Credit rating is a system of

- a. Measuring risk
- b. Mitigating risk
- c. Migrating risk
- d. Credit appraisal

Ans - a

.....

Internal rating means

- a. Rating the project
- b. Rating the promoters
- c. Rating the risk for internal use
- d. None of the above

Ans - d

.....

For external credit rating, banks depend on

- a. Rating agencies
- b. Experienced staff of the bank
- c. Banking consultants
- d. None of the above

Ans - a

.....

Standard deviation of the distribution of the sample statistic is called, Select the best option.

- a. standard error of the mean
- b. sampling distribution error
- c. standard error of the proportion
- d. standard error of the statistics

Ans – d

.....

X opened a recurring account with a bank to deposit Rs. 16000 by the end of each year @ 10% roi. How much he would get at the end of 3rd year?

- a. 52960
- b. 52690
- c. 52069
- d. 52096

Ans - a

Explanation :

Here,

P = 16000
R = 10% p.a.
T = 3 yrs

$$FV = P / R * [(1+R)^T - 1]$$

$$FV = 16000 * (1.13 - 1) \div 0.1$$
$$= 52960$$

Which of the following statements is true regarding Standardized approach?

- a. It has already been adopted by all the banks
- b. It has been adopted only the foreign banks operating in India.
- c. It has been adopted by the foreign banks operating in India and some of the Indian banks
- d. It has to be adopted by the all the banks by March 2010

Ans - a

A 2-year bond offers a yield of 6% and a 3-year bond offers a yield of 7.5%. Under the expectation theory, what should be the yield on a 1-year bond in 2 years?

- a. 9.85
- b. 10.56
- c. 10.96
- d. 11.06

Ans – b

Explanation :

$$(1+7.5\%)^3 = (1+6\%)^2 \times (1+r)^1$$

$$R = 10.56\%$$

A process by which present cash flow are converted into their future value is called

- a. compounding
- b. discounting
- c. converting
- d. finding present value

Ans - a

Which of the following is not an approach for assessment of credit risks, laid down under Basel 2 Accord?

- a. Standardized approach
- b. Foundation Internal Rating Based (I R b. approach
- c. Advanced Internal Rating Based (I R b. approach
- d. Simplified Internal Rating Based (I R b. approach

Ans - d

R B I has suggested which of the following earliest date of making application by banks to R B I regarding implementation of the advanced approaches (Foundation as well as I R b)

- a. 1, April 2012
- b. 1, April 2013
- c. 1, April 2014
- d. 1, April 2015

Ans - a

Go through the following data and answer the questions (all in Indian Rupees in Crores)

- 1. Consumptions - Rs. 30000
 - 2. Gross investment - Rs. 40000
 - 3. Govt spending - Rs. 20000
 - 4. Export - Rs. 70000
 - 5. Import - Rs. 60000
-

- 6. Taxes - Rs. 5000
- 7. Subsidies(on production and import) - RS. 1000
- 8. Compensation of employee - Rs. 500
- 9. Property Income - Rs. 500
- 7,8,9 - Net receivable from aboard
- 10.Total capital gains from overseas investment - Rs. 1500
- 11.Income earned by foreign national domestically - Rs. 500

Calculate GDP at cost factor

- a. Rs. 90000
- b. Rs. 94000
- c. Rs. 96000
- d. Rs. 104000

Ans - c

Solution :

$$\begin{aligned} \text{GDP} &= C+I+G+(X-M) \\ &= 30000+40000+20000+(70000-60000) \\ &= 100000 \end{aligned}$$

$$\begin{aligned} \text{GDP at factor rate} \\ &= \text{GDP}-(\text{Indirect taxes}-\text{subsidies}) \\ &= 100000-(5000-1000) \\ &= 96000 \end{aligned}$$

A higher discount rate will lead to

- a. A higher present value of the future cash flow
- b. Lower present value of the future cash flow
- c. No change in present value of the future cash flow
- d. No change

Ans - b

Value today of Re. 1 to be received in future is called

- a. Present value
 - b. Compounded factor
 - c. Discount factor
-

d. Yield factor

Ans - c

.....

In Random Sampling, we pick up one, we note it down, put it back with the remaining and pick the next one. This is called

- a. Sampling with replacement
- b. Simple random sampling
- c. Sampling without replacement
- d. None of the above

Ans - a

.....

Transaction analysis does not refer to (i) understanding financial transactions, (ii) understanding interpersonal relationship and interaction, (iii) understanding transactions relating to business

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - b

.....

A loan of Rs. 4641 is to be paid back by 4 equal annual installments. The interest is compounded annually @ 10%. Find the value of each installment.

- a. 1446
- b. 1464
- c. 1646
- d. 1644

Ans - b

Explanation :

Here,

PV =?

P = Rs. 4641

T = 4 years

.....

$$R = 10\% = 0.10\%$$

$$\begin{aligned} \text{EMI} &= P * R * [(1+R)^T / (1+R)^T - 1] \\ &= 4641 \times 0.1 \times 1.14 \div (1.14 - 1) \\ &= 1464 \end{aligned}$$

.....

Seasonal variation is

- a. Repetitive
- b. Predictable
- c. Both a and b
- d. None of the above

Ans - c

.....

Mr. Raj decided to deposit Rs. 5000 every year (at end of the year) for 10 years. How much amount he will get if the interest rate is 5% p.a.?

- a. Rs.62890
- b. Rs.62980
- c. Rs.68920
- d. Rs.69820

Ans - a

.....

In a normally distributed population, the sampling distribution of the mean

- a. is normally distributed
- b. has a mean equal to the population mean
- c. has a standard deviation equal to the population standard deviation divided by the square root of the sample size
- d. all of the above

Ans - d

.....

If there is a indirect relationship between rainfall & yield of crops then

- a. yield is higher if rainfall is less
 - b. yield is lower if rainfall is less
 - c. yield is higher if rainfall is higher
-

d. none of the above

Ans - c

What is a zero coupon bond?

- a. there is gain only in price
- b. gain in coupon
- c. no gain at all
- d. none of these

Ans - a

A population having a stated or limited size is called as

- a. Limited Population
- b. Infinite Population
- c. Finite Population
- d. Unlimited Population

Ans - c

Mr. Ram wants to have Rs 20000 after a year. How much he should deposit in a bank to get this amount if the prevailing rate of interest is 9% ?

- a. 17896
- b. 18104
- c. 18224
- d. 18348

Ans - d

The central limit theorem

- a. Requires some knowledge of the frequency distribution
- b. Permits us to use sample statistics to make inferences about population parameters
- c. Relates the shape of a sampling distribution of the mean to the man of the sample
- d. Requires a sample to contain fewer than 30 observations

Ans – b

XYZ purchased machinery of Rs. 100000. The rate of depreciation is 10%. At WDV method, what is the average rate of depreciation for 4 years?

- a. 12.76
- b. 13.76
- c. 14.76
- d. 15.76

Ans - B

Explanation :

Here,

P = 100000

R = 10%

T = 5 yrs

$FV = P \times (1 - R)^T$

So,

$FV = 100000 \times (1 - 0.1)^4$

= 65610

So, amount of depreciation

= 100000 - 65610

= 34390

Average rate of depreciation

= $(34390 \div 100000) \times (4 \div 10) \%$

= 13.76%

Which of the following is not the basic objective of the System Audit?

- a. Safeguarding assets
- b. Maintaining process integrity
- c. Maintaining data integrity
- d. None of these

Ans - d

Which of the following functionality can be accomplished by generalized audit software?

- a. Evaluating the quality of data
-

- b. Evaluating the quality of system processing
- c. Analytical review
- d. All of the above

Ans - d

Which of the following technique is used for concurrent audit?

- a. Integrated Test facility (ITF)
- b. System Control Audit Review File (SCARF)
- c. Continuous and Intermittent Simulation (CIS)
- d. All of the above

Ans - d

Amrita obtained a loan of Rs. 92820 @ 10%, which he has to pay in 4 equal annual installments. Calculate the amount of installment?

- a. 22892
- b. 22982
- c. 28292
- d. 29282

Ans - d

Explanation :
Here,

P = 92820
R = 10% p.a.
T = 4 yrs

$$\text{EMI} = P * R * [(1+R)^T / (1+R)^T - 1]$$
$$\text{EMI} = 92820 \times 0.1 \times 1.14 \div (1.14 - 1)$$
$$= 29282$$

The compound interest on a sum for 2 years is Rs. 153 and simple interest is 225 for 3 years. What are the roi & the principal amount?

- a. 5 & 1875
 - b. 4 & 1875
-

- c. 5 & 1785
- d. \$ & 1785

Ans - b

Explanation :

Let,

principal amount = P,
ROI = R,
simple interest = SI,
compound interest = CI

SI for 3 years = 225, so SI for 2 years = 150
CI for 2 years = 153, so difference of Rs. 3 = interest for Rs. 75 (225-150)

So, $R = \frac{3}{75} * 100 = 4\%$
 $P = \frac{SI \times 100}{R \times T}$
 $= \frac{225 \times 100}{4 \times 3}$
 $= 1875$

X purchased a house and payment terms are - Rs. 10 lac immediately and balance Rs. 7.50 lac after 2 years. The roi is 6% p.a. and to be compounded semi-annually. What is the cash value of the house?

- a. 1676370
- b. 1656370
- c. 1666370
- d. 1636570

Ans - c

Explanation :

Here,
PV of Rs. 7.50 lac = $750000 \div 1.034 = 666370$
So, total cash value = 10 lacs + 666370 = Rs. 16,66,370

X had to pay certain amount to z and had 2 options - a) to make payment of lump sum amount of Rs. 120000 immediately or b) to pay Rs. 150000 in 5 years @ 5% p.a. roi (half yearly compounding). Which option is more beneficial for x?

- a. Option a
-

- b. Option b
- c. Both are equal
- d. None of the above

Ans - b

Explanation :

If X goes with option b, $PV = 150000 \div 1.0255 \times 2 = 117180$ which is < 120000 .

So, option b is more beneficial for X.

You will be receiving Rs. 204000 at the end of each year for the next 20 years. If the current discount rate for such a stream of cash is 10%, find the present value of cash flow.

- a. 1736767
- b. 1737667
- c. 1738767
- d. 1736767

Ans - d

Explanation :

Here,

Since 204000 is like EMI. So, to find P, we use the formula of EMI

$$EMI = P * R * [(1+R)^T / (1+R)^T - 1]$$

$$204000 = P \times 0.1 \times 1.1^{20} \div (1.120 - 1)$$

$$204000 = P \times 0.1174596$$

$$P = 1736767$$

You are receiving Rs. 1000 every year for the next 5 years at the beginning of the period and you invest each payment @ 5%. How much you would at the end of the 5-year period?

- a. 5082
- b. 5280
- c. 5820
- d. 5802

Ans – d

Explanation :

Apply FV formula to get the Answer = 5802

What is the price of a 20-year, zero-coupon bond with a 5.1% yield and Rs. 1000 face value?

- a. Rs. 359
- b. Rs. 369
- c. Rs. 379
- d. Rs. 389

Ans - b

Solution :

$$PV = 1000 / (1 + 0.051)^{20}$$
$$= 369$$

Go through the following data and answer the question (all in Indian Rupees in Crores)

1. Consumptions - Rs. 30000
2. Gross investment - Rs. 40000
3. Govt spending - Rs. 20000
4. Export - Rs. 70000
5. Import - Rs. 60000
6. Taxes - Rs. 5000
7. Subsidies (on production and import) - Rs. 1000
8. Compensation of employee - Rs. 500
9. Property Income - Rs. 500
- 7,8,9 - Net receivable from abroad
10. Total capital gains from overseas investment - Rs. 1500
11. Income earned by foreign national domestically - Rs. 500

Calculate GDP

- a. Rs. 70000
- b. Rs. 90000
- c. Rs. 100000
- d. Rs. 220000

Ans - c

Solution :

$$GDP = \text{Consumption} + \text{Gross investment} + \text{Government spending} + (\text{Exports} - \text{Imports})$$
$$GDP = C + I + G + (X - M)$$
$$= 30000 + 40000 + 20000 + (70000 - 60000)$$
$$= 100000$$

Gain on revaluation of asset is a

- a. General reserve
- b. Investment allowance reserve
- c. Capital reserve
- d. Revenue reserve

Ans - c

Banks can file a civil suit for recovery of their dues in civil courts. This option is used for dues

- a. Up to 5 lacs
- b. Up to 10 lacs
- c. Above 10 lacs only
- d. Above 20 lacs only

Ans - b

Net Working Capital (N W C) means

- a. Total current assets minus bank finance
- b. Total current assets minus credit from suppliers
- c. Total current assets minus total current liabilities
- d. Short term sources brought in by the promoters

Ans - c

Which of the following statements is not true for efficient inventory management?

- a. It results in reduction in inventory
- b. It reduces the working capital requirements of the enterprise
- c. It reduces the N W C available with the enterprise
- d. It increases the Inventory Turnover Ratio if the level of sales remains same.

Ans - c

The parent ego state can be further classified into categories according to Eric Berne.

- a. 2
 - b. 3
-

- c. 4
- d. 5

Ans - a

The measures of money including Bank deposit with RBI, Demand deposit with the banking system, Term deposit of banking system, currency with public, and other deposits with RBI are shown as M0, M1, M2, M3.

1. The liabilities such as current deposits, demand liabilities portion of saving bank, margins held against letter of credit or bank guarantee, balances in overdue fixed deposits are included initially, in

- a. M0
- b. M1
- c. M2
- d. M3

Ans-b

2. The demand deposit of banks are included in (i) M1, (ii) M2, (iii) M3

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - a

3. The term deposit of banks are included in(i) M1, (ii) M2, (iii) M3

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

4. Major portion of which of the following contains, interest free funds and is the most liquid part of money supply.

- a. M0
 - b. M1
 - c. M2
-

d. M3

Ans - a

Foreign banks with 20 branches and above in India need to achieve PS target of 40% in how many years since announced?

- a. 02 years
- b. 03 years
- c. 04 years
- d. 05 years

Ans - d

Laissez-faire economy is

- a. The extreme case of a market Economy
- b. The extreme case of a Command Economy
- c. The extreme case of a mixed Economy
- d. None of these

Ans - a

Capital is Rs 180, Reserves Rs 20, term loan Rs 300, Bank cash credit Rs 200, trade creditors Rs 50, provisions Rs 50/-, net fixed assets Rs 400, inventories Rs 150, cash Rs 50, Receivables Rs 150, goodwill Rs 50. What is current ratio ?

- a. 1
- b. 1:1.17
- c. 1.17:1
- d. 2

Ans - c

Lower the elasticity of liquidity preference with respect to the changes in interest rate, the LM curve will be.

- a. No effect
 - b. flat
 - c. less steep
-

d. steeper

Ans - d

.....

Who gave welfare theory of economics?

- a. Alfred Marshall
- b. Lionel Robbins
- c. Adam Smith
- d. None of these

Ans - a

.....

Supply curve relates quantity supplied to

- a. Supply
- b. Income
- c. Price
- d. Demand

Ans - c

.....

Theory of interest is based on.....

- a. Investment demand function
- b. The interest rate functions
- c. The liquidity preference function
- d. The quantity of money

Ans - b

.....

Inner self of self development concept signifies. Pick up the odd one.

- a. Behaviour pattern
- b. Values and other psychological factor
- c. Strength and weakness
- d. Individual identity and physical features

Ans - d

.....

Adjusting one with the team expectations and norms comes under which stage of group formation and group behaviour.

- a. Forming (Awareness)
- b. Storming (Conflict)
- c. Norming (Cooperation)
- d. Conforming (Adjustment)

Ans : d

In balance sheet amount of total assets is Rs 10 lac , current liabilities Rs 5 lac and capital and reserves Rs 2 lac. What is the debt-equity ratio ?

- a. 1:1
- b. 1.5:1
- c. 1.75:1
- d. 2:1

Ans - b

To retain employee in the organization companies are forced to do some strategic changes which does not include...

- a. Diversification
- b. Expansion
- c. Responsiveness
- d. Structural changes

Ans - c

What should a bank do if the owner of the collateral security is someone other than the borrower ?

- a. Reject the loan
- b. Transfer security to the name of borrower
- c. Make the owner of the collateral security as first guarantor of the loan and create charge over the security
- d. security should be hypothecated to the banker

Ans - c

.....
The amount of term loan installment is Rs 10000/- per month, monthly average interest on TL is Rs 5000/-. If the amount of depreciation is Rs 30000/- p.a and PAT is Rs 270000/-. What would be the DSCR?

- a. 1.75
- b. 2
- c. 1.65
- d. 1.33

Ans - b

Since $DSCR = \frac{\text{interest} + \text{PAT} + \text{Depreciation}}{\text{interest} + \text{installment of TL}}$

Hence $(5000 \times 12 + 270000 + 30000) / (5000 \times 12 + 10000 \times 12)$

i.e $360000 / 18000$

i.e 2
.....

Liabilities →

Capital = 180

Reserve = 20

Term loan = 300

Bank C/C = 200

Trade creditors = 50

Provision = 50

Total liabilities = 800

Asset →

Net fixed Assets = 400

Inventories = 150

Cash = 50

Receivables = 150

Good will = 50

Total assets = 800

- a. Net worth = ?
- b. Tangible net worth = ?
- c. Net working capital = ?
- d. Quick ratio = ?
- e. Current ratio = ?
- f. Outside liability = ?

The correct answer is

a. net worth = 200

b. tangible net worth = 150
.....

-
- c. net working capital = 50
 - d. Quick ratio= 0.66:1
 - e. Current ratio = 1.17:2
 - f. OSL = 600
-

Salim purchased 8%, 3 years bond of Rs. 10 lac, with annual interest payment and face value payable on maturity. The YTM is assumed@ 6%. Calculate % change in the price of the bond when the decrease in YTM is 100 basis points from 6% to 5% and the duration is 2.79 years and modified duration is 2.63 years.

- a. 2.36
- b. 2.63
- c. 3.26
- d. 3.62

Ans - b

Explanation :

Percentage change in price of bond

$$\begin{aligned} &= -MD \times \text{Change in Price} \\ &= -2.63 \times (6\% - 5\%) \\ &= 2.63\%, \end{aligned}$$

That means a fall in YTM by 1% increases the price of the bond by 2.63%.

.....

Cash = Rs 50000/-
Debtors = Rs 100000/-
Inventories = Rs 150000/-
Current liabilities = Rs 100000/-
Total current assets = Rs 300000/-
The quick ratio = ?

- a. 1.5:1
- b. 3:1
- c. 2:1
- d. NOTA

Ans - a

Since Quick ratio = Quick asset / CL

.....

.....

Here Quick asset = CA- Inventory
Now CA= (Cash + Debtor.....etc) = Rs 300000/-
Here inventories = 150000/-
CL = 100000/-
Hence QR= 150000/100000
i.e 1.5:1

.....

A company has net worth of Rs 5 lac , term liabilities are Rs 10 lac. Fixed Assets worth Rs 16 lac and current assets are Rs 25 lac. There is no intangible assets or the non current assets. Calculate it's net working capital.

- a. 1 lac
- b. 2 lac
- c. 3 lac
- d. 4 lac

Ans - a

.....

An increase in government expenditure or transfer payments will shift the IS curve

- a. To right
- b. To left
- c. No change
- d. Downwards

Ans - a

.....

Expand EMEs

- a. External Marketing Economics
- b. Environmental Efficiency
- c. Emerging Market Economies
- d. None of the above

Ans - c

.....

Which of the following statements is not true for an infrastructure project?

- a. It has long gestation period
 - b. It reduces the risk for the lender as his funds get assured deployment for a long time.
-

- c. The debt equity ratio is normally high for an infrastructure project
- d. The implementation period is usually long

Ans - b

In economics 'Value of next best alternative foregone' is not called as (i) Propensity, (ii) Opportunity Cost, (iii) Sacrifice Cost

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - b

The dispersion among sample means is, the dispersion among the sampled items themselves because

- a. Each sample is smaller than the population from which it is drawn
- b. Very large values are averaged down and very small values are averaged up
- c. The sampled items are all drawn from the same population
- d. None of these

Ans - b

A bond that has no maturity and pays a fixed coupon(or rate of interest) is called

- a. Long term bond
- b. Perpetual bonds
- c. Consol bonds
- d. Non-repayable bonds

Ans - c

Use sampling when there is wide variation between the groups but each group has small variation within itself.

- a. Simple Random Sampling
 - b. Systematic Sampling
 - c. Stratified Sampling
-

d. Cluster Sampling

Ans - c

Standard deviation of the distribution of the sample means is called Select the best option.

- a. standard error of the mean
- b. sampling distribution error
- c. standard error of the proportion
- d. standard error of the statistics

Ans - a

Work life balance is achieved due to (i) added work load, (ii) lack of support from juniors, (iii) family problems

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

The Equilibrium Price is also known as

- a. Market price
- b. Optimum price
- c. Real price
- d. Market-clearing price

Ans - d

Go through the following data and answer the questions (all in Indian Rupees in Crores)

1. Consumptions - Rs. 30000
 2. Gross investment - Rs. 40000
 3. Govt spending - Rs. 20000
 4. Export - Rs. 70000
 5. Import - Rs. 60000
 6. Taxes - Rs. 5000
-

7. Subsidies(on production and import) - RS. 1000
8. Compensation of employee - Rs. 500
9. Property Income - Rs. 500
- 7,8,9 - Net receivable from aboard
- 10.Total capital gains from overseas investment - Rs. 1500
- 11.Income earned by foreign national domestically - Rs. 500

Calculate GNP

- a. Rs. 100000
- b. Rs. 101000
- c. Rs. 110000
- d. Rs. 111000

Ans - b

Solution :

$$\begin{aligned} \text{GDP} &= \text{Consumption} + \text{Gross investment} + \text{Government spending} + (\text{Exports} - \text{Imports}) \\ \text{GDP} &= \text{C} + \text{I} + \text{G} + (\text{X} - \text{M}) \\ &= 30000 + 40000 + 20000 + (70000 - 60000) \\ &= 100000 \end{aligned}$$

$$\begin{aligned} \text{GNP} &= \text{GDP} + \text{NR}(\text{total capital gains from Overseas investment} - \text{income earned by foreign national domestically}) \\ &= 100000 + (1500 - 500) \\ &= 101000 \end{aligned}$$

Emotional intelligence refers to..... (i) being self-Motivated, (ii) being emotionally strong, (iii) being empathetic

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - b

Attitude can be classified into three basic components. Which are among them ? (i) Emotional, (ii) Informational, (iii) Behavioural

- a. Only (i) and (ii)
-

- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

Given,

Recoveries of loan and advance	- Rs. 1200 Crores
Misc capital receipt	- Rs. 600 Crores
Market loans	- Rs. 500 Crores
Short term borrowings	- Rs. 800 Crores
External assistance (Net)	- Rs. 300 Crores
State provident fund	- Rs. 400 Crores
Other receipts (Net)	- Rs. 800 Crores
Securities issued against small savings	- Rs. 300 Crores
Recoveries of short term loans and advances from states and loans to govt servants	- Rs. 600 Crores
Total Non Tax Revenue	- Rs. 3000 Crores
Net Tax Revenue	- Rs. 1000 Crores
Draw down cash balance	- Rs. 2000 Crores

Calculate Financing of Fiscal Deficit ...

- a. Rs 3100 Crores
- b. Rs 4700 Crores
- c. Rs 5100 Crores
- d. Rs 5700 Crores

Ans - c

Solution :

Financing of Fiscal Deficit = Debt Receipt + Draw down cash balance

Now, let us calculate Debt receipt,

Debt Receipt = Market Loans + Short Term Borrowings + External assistance(NET) + Securities issued against Small savings + State provident fund + other Receipts(Net)

$$= 500 + 800 + 300 + 300 + 400 + 800$$
$$= 3100 \text{ Crores}$$

So,

Financing of Fiscal Deficit = Debt Receipt + Draw down cash balance
= 3100 + 2000
= 5100 Crores

You have the choice between investing in a corporate bond with a yield of 8% or a municipal bond. If your marginal tax rate is 28% , what should be the yield on the municipal bond in order to be competitive?

- a. 8.00%
- b. 5.76 %
- c. 11.11 %
- d. 13. 69%

Ans - b

ABC Inc. has a 12 year bond outstanding that makes 9.5% annual coupon payments. If the appropriate discount rate for such a bond is 7%, what is the appropriate price of bond?

- a. Rs 1200.00
- b. Rs 1000.56
- c. Rs 1198.57
- d. Rs 762.56

Ans - c

Under career path planning, at each level, the jobs which are comparable in terms of the knowledge, skill requirement can be identified and categorized as a group. This is called as

- a. task group
- b. job families
- c. work cluster
- d. any of the above

Ans - b

You recently earned a 13% return on an investment during the preceding year. If the inflation rate during that period is 8% what was your real return during that period?

- a. 5%
-

- b. 4.63 %
- c. 4.42%
- d. None

Ans - b

You find that the yield on a 6 year bond is 12% while that of 4 year bond is 9%. What should be the yield on a 2 year bond beginning 4 from now?

- a. 18.25%
- b. 16.56%
- c. 12.65%
- d. None

Ans - a

Who is considered as the founder of the field of Microeconomics?

- a. Lionel Robbins
- b. Amartya Sen.
- c. Adam Smith
- d. Prof. Alfred Marshall

Ans - c

..... is known for his concept of "Division of Labour" and "Time and motion studies".

- a. Abraham Maslow
- b. Frederick Tailor
- c. Robert Owen
- d. Eric Berne

Ans - b

The job that are comparable in terms of the knowledge, skill required can be identified and categorized as a group are called ...

- a. Job Efficacy
 - b. Job Identification
 - c. Job Specification
-

d. Job Family

Ans - d

Emotional intelligence is refers to... Pick up the odd one.

- a. being Sself-Motivated
- b. being Self-Regulated
- c. being empathetic
- d. being emotionally strong

Ans - d

A% confident interval means the value lies between $(y-S, y+S)$.

- a. 50
- b. 65
- c. 75
- d. 90

Ans - b

Which of the following sentences is incorrect?

- a. The payment which the bond holder receives each year is known as coupon.
- b. At maturity, the borrower (government or corporate) pays the bondholder the bond's face value or par value.
- c. For bonds priced above its face value, the rate of return is the coupon rate.
- d. The YTM is defined as the discount rate that makes the present value of the bond's payment equal to its price.

Ans - c

Which of the following statement is not correct? (i) performance appraisal and potential appraisal are the same system, (ii) performance appraisal is to know the future performance, (iii) potential appraisal is to understand the potential of the employee to contribute to growth of organization

- a. Only (i) and (ii)
 - b. Only (i) and (iii)
 - c. Only (ii) and (iii)
-

d. (i), (ii) and (iii)

Ans - a

.....

Select the incorrect statement:

- a. A government bond is a bond issued by Indian Government in Indian Rupees.
- b. Bonds issued by a national government in foreign currencies are referred to as sovereign bonds.
- c. Government bonds are issued for a tenure of 5-30 years.
- d. Government bonds do not have any market risk, they only have credit risk.

Ans – d

.....

The standard error of the mean for a sample size of two or more is

- a. Always greater than the standard deviation of the population
- b. Generally greater than the standard deviation of the population
- c. Usually, the standard deviation of the population
- d. None of these

Ans - c

.....

As you set tighter confidence interval, you would get to a confidence level.

- a. higher
- b. lower
- c. either higher or lower
- d. none of the above

Ans - b

.....

Kumar invested in 10%, 3-year bond of face value of Rs. 1000. The expected market rate is 12%. What is the duration of the bond?

- a. 2.37 years
- b. 2.73 years
- c. 3.27 years
- d. 3.72 years

Ans – b

.....

Explanation :

$$\text{Bond's Duration} = \frac{\sum PV \times t}{\sum P}$$

$$\text{Bond Price} = \frac{1}{(1+R)^t} \left(\frac{\text{coupon} \times ((1+R)^t - 1)}{R} + \text{Face Value} \right)$$

$$\begin{aligned} \sum P &= \{100 \times (1.123 - 1) \div 0.12 + 1000\} \div 1.123 \\ &= 951.6 \end{aligned}$$

$$\text{Here } 1 \div 1.12 = 0.89286, \text{ so } a^t = 0.711787$$

$$\begin{aligned} \sum PV \times t &= 100 \times 8.33336 \times [0.288213 \div 0.10714286 - 3 \times 0.711787] + 3000 \times 0.711787 \\ &= 833.336 \times (2.689988 - 2.135361) + 2135.361 \\ &= 462.19 + 2135.36 = 2597.55 \end{aligned}$$

$$\begin{aligned} \text{So, Duration of the Bond} &= 2597.55 \div 951.6 \\ &= 2.73 \text{ years} \end{aligned}$$

The probability that we associate with an interval estimate is called

- a. Estimate level
- b. Confidence Level
- c. Probability Level
- d. None of the above

Ans - b

In Random Sampling, we pick up one, keep it away and then pick another from the remaining. This is called

- a. Sampling with replacement
- b. Simple random sampling
- c. Sampling without replacement
- d. None of the above

Ans - c

When compounding or discounting is done more frequently than annually, the effective discounting rate of interest is the nominal rate of interest.

- a. lesser than
 - b. equal to
-

- c. greater than
- d. either of b or c

Ans - c

Ram is working in xyz co. Initially he was working very hard and completing all the task or target on time and so that he can go up in the organization but due to some reason he was unable achieve his goal and developed feelings of low self-concept and low self-esteem. It is called.....

- a. Guilt
- b. Isolation
- c. Stagnation
- d. Inferiority

Ans - d

Select the incorrect statement:

- a. A bond that is priced above its face value is said to sell at a premium.
- b. Investors who buy a bond at a premium, face a capital loss over the life of the bond.
- c. Return on bonds which are at a premium is greater than the current yield.
- d. Return on bonds which are at a discount is greater than the current yield.

Ans - c

Which of the following industries in India first used the term "Personnel Officer"?

- a. Insurance
- b. Banks
- c. Chemical and pharmaceutical
- d. Iron and steel

Ans - c

It is the highest activity of life, it creates new untapped alternatives, it values and exploits the mental emotional and psychological differences between people...

- a. Stress free work
 - b. Personality development
 - c. Autonomy
-

d. Synergy

Ans - d

Ram is working in xyz co. Initially he was working very hard and completing all the task or target on time and so that he can go up in the organization but due to some reason he was unable achieve his goal and developed feelings of low self-concept and low self-esteem. It is called.....

- a. Guilt
- b. Isolation
- c. Stagnation
- d. Inferiority

Ans - d

Which of the following is not a method for detecting wrong mention of inventory in a stock statement?

- a. Stock audit
- b. Inspection of stocks
- c. Analysis of financial statements
- d. Cross-check from the balance sheet figure

Ans - c

Which of the following is not a method for detecting wrong mention of receivables in stock statement submitted by the borrower?

- a. Analysis of financial statements
- b. Cross check from the balance sheet figure
- c. Receivables audit
- d. Inspection of books of account

Ans - a

Which of the following statements is true about 'Inflation?' (i) A rise in the general level of prices, (ii) Leads to fall in purchasing power

- a. Only (i)
 - b. Only (ii)
 - c. Either (i) or (ii)
-

d. Both (i) and (ii)

Ans - d

Which of the following is not a danger sign about the direction of business of the borrower?

- a. Devolvement of L Cs, invocation of Bank Guarantees
- b. Demand for higher limit
- c. Delays in submission of stock/receivables statements
- d. Return of cheques or bills

Ans - d

Expand N C C D

- a. National Council on Crime and Delinquency
- b. National council on Credit and Debentures
- c. National council on Commerce and deregulation
- d. None of the above

Ans - a

X invested Rs 100000 in bank FDR at 6%p.a.for one year. If interest is compounded on quarterly basis, the amount payable shall be?

- a. 100600
- b. 106090
- c. 106130
- d. 106160

Ans - c

Mr. A is the Branch Manager in ABC Bank. He makes it a point to visit the prominent deposit customers himself to deliver their deposit receipts. He does not even take the "Relationship Manager" appointed for this purpose. Mr. A believes that none of the new generation staff is good enough to deal with such tasks. What is the "Life position" taken by Mr. A as regards the "Relationship Manager" as per the "Theory of Life position" propounded by Dr. Thomas Harris?

- a. I are OK, you are OK
 - b. I am OK, You are not OK
-

- c. I am not OK, you are not Ok
- d. I am not OK, you are not OK

Ans - b

Quantity supplied of a product at Rs. 8 per unit is 200 Units. If the price elasticity of supply is 1.5, what will be the quantity supplied at Rs. 10 per unit?

- a. 150
- b. 175
- c. 250
- d. 275

Ans - d

Solution :

Price Elasticity of Supply = (% change in quantity supplied. / (% change in price)

$$1.5 = ((x-200)*100/200)/((10-8)*100/8)$$

$$1.5 = ((x-200)/2)/(200/8)$$

$$1.5 = ((x-200)/2)/25$$

$$1.5 = (x-200)/50$$

$$75 = x-200$$

$$x = 75+200$$

$$x = 275$$

Real Sector Policy means focus on in the early stages of reform process.

- a. Mining and quarrying
- b. Electricity
- c. Manufacturing sector
- d. None of the above

Ans - c

Ends refer to

- a. Demand
 - b. Resources
 - c. Utility
-

d. Wants

Ans - d

Which ego state collects information and processes it?

- a. parent
- b. adult
- c. child
- d. both a and b

Ans - b

An investment at 10% interest rate compounded monthly is equal to an effective annual rate of ...

- a. 10.38 %
- b. 10.47 %
- c. 10.57 %
- d. 10.68 %

Ans – b

Solution :

$$\begin{aligned}\text{Effective Interest Rate} &= (1+r/n)^n - 1 \\ &= (1+0.10/12)^{12} - 1 \\ &= (1.1047 - 1) * 100 \\ &= 10.47 \%\end{aligned}$$

Emotional intelligence is refers to... Pick up the odd one.

- a. being self-Motivated
- b. being Self-Regulated
- c. being empathetic
- d. being emotionally strong

Ans - d

The human resources systems are largely designed by banks and other organizations for

- a. a heterogeneous workforce
-

-
- b. a homogenous workforce
 - c. a diverse workforce
 - d. according to their need

Ans – b

.....

We have six students say A, B, C, D, E, F participating in a quiz contest. Out of six students only two can reach to the final. What is the probability of reaching to the final of each student?

- a. $\frac{2}{5}$
- b. $\frac{1}{2}$
- c. $\frac{1}{3}$
- d. $\frac{1}{4}$

Ans - c

.....

Suppose a population with $N = 144$ has $\mu(\text{Mean})=24$. What is the mean of sampling distribution of the mean for samples of size of $n = 25$?

- a. 24
- b. 2
- c. 4.8
- d. 3.2

Ans - a

.....

A quarterly repayments of loan carry an interest rate of 8 % per annum . What is the effective annual rate of interest ?

- a. 8.32
- b. 8.56
- c. 8.24
- d. 8.76

Ans - c

.....

Market demand curve follows the

- a. Law of upward-sloping demand
 - b. Law of upward-diminishing demand
-

- c. Law of downward-diminishing demand
- d. Law of downward-sloping demand

Ans - d

.....

India is a

- a. Capitalistic Economy
- b. Socialistic Economy
- c. Mixed Economy
- d. Laissez-faire economy

Ans - c

.....

On market equilibrium denotes which one is not to be there on equilibrium ?

- a. The books are cleared of order
- b. Demanders and suppliers are satisfied
- c. Prices will fall.
- d. All supply and demand order are filled

Ans - c

.....

Gaurav invested in 12.5%, 5-year bond of face value of Rs. 100. The expected market rate is 15%. What is the duration of the bond?

- a. 3.98 years
- b. 3.89 years
- c. 2.98 years
- d. 2.89 years

Ans - a

Explanation :

Bond's Duration = $\Sigma PV \times T \div \Sigma P$

Bond Price = $(1/(1+R)^t)((\text{coupon} \times ((1+R)^t - 1)/R) + \text{Face Value})$

$\Sigma P = \{12.5 \times (1.155 - 1) \div 0.15 + 100\} \div 1.155$
= 91.6196

Here $a = 0.86956$ and $a^t = 0.497176$

$$\begin{aligned} \text{So, } \Sigma PV \times T &= 12.5 \times 6.66636 \times \{0.502824 \div 0.13044 - 2.4588\} + 248.588 \\ &= 116.33046 + 248.588 = 364.92 \end{aligned}$$

So, Duration of the Bond
= $364.92 / 91.6196$
= 3.98 years

For external credit rating, banks depend on:

- a. Rating agencies
- b. Experienced staff of the bank
- c. Banking consultants
- d. None of the above

Ans - a

Which of the following is not an approach for assessment of credit risks, laid down under Basel 2 Accord?

- a. Standardized approach
- b. Foundation Internal Rating Based (I R b. approach
- c. Advanced Internal Rating Based (I R b. approach
- d. Simplified Internal Rating Based (I R b. approach

Ans - d

Which of the following statements is true regarding Standardized approach?

- a. It has already been adopted by all the banks
- b. It has been adopted only the foreign banks operating in India.
- c. It has been adopted by the foreign banks operating in India and some of the Indian banks
- d. It has to be adopted by the all the banks by March 2010

Ans - a

Macro Economics doesn't deal with...

- a. GDP
-

- b. Unemployment Rates
- c. Individual Firms
- d. Price Indices

Ans - c

.....

Money is anything which performs the following. Pick up the odd one

- a. A measure of value
- b. Medium of exchange
- c. A store of value over time
- d. Measure of prosperity

Ans - d

.....

Narrow Money consists of

- a. Currency with the Public Demand Deposits, 'Other' Deposits with the RBI
- b. Currency with the Public, Time Deposits, 'Other' Deposits
- c. Time deposits, Demand Deposits, 'Other' Deposits with the RBI
- d. Currency with the Public, Demand Deposits

Ans - a

.....

Which of the following approach does not acknowledge the existence of cultural distance and attempts to teach individual members about cultural differences through training. (i) diversity enlargement, (ii) diversity sensitivity, (iii) cultural audit

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - b

.....

A construction company plans to purchase a new earthmover for Rs. 350000 in 5 years. Determine the annual savings required to purchase the earthmover if the return on investment is 12%.

- a. 55904
 - b. 55094
-

- c. 55490
- d. 55049

Ans - b

Explanation :

Here,

FV = Rs. 350000

T = 5 years

R = 12%

$$FV = P / R * [(1+R)^T - 1]$$

$$350000 = P \times (1.125 - 1) \div 0.12$$

$$350000 = P \times 6.3528$$

$$P = 350000 / 6.3528$$

$$= 55094$$

Which is not a sub-system of HRM?

- a. Administration
- b. Maintenance
- c. Credit
- d. Development

Ans - c

Which of the following industries in India was the first to use the term "Personnel Officer"?

- a. Insurance
- b. Banks
- c. Chemical and Pharmaceutical
- d. Steel

Ans - c

Which is said to be the beginning stage of career?

- a. Mentor
-

- b. Apprentice
- c. Colleague
- d. Sponsor

Ans - b

.....

According to Dalton, Thomson and Price, career roles are divided into ... categories.

- a. 2
- b. 3
- c. 4
- d. 5

Ans - c

.....

Target for agricultural advances in case of foreign banks with 20 and more branches is...

- a. 10
- b. 18
- c. 20
- d. 32

Ans -b

.....

In order to avoid the problem in delay in realization of bills, bank may take advantage of improved computer/communication network called

- a. GUI
- b. SFMS
- c. ETF
- d. SWIFT

Ans - b

.....

A man borrowed a certain sum of money & paid it back in 2 years in two equal installments. If the roi (compound) was 4% p.a. and if he paid back Rs. 676 annually, what sum did he borrow?

- a. 1725
 - b. 1525
 - c. 1275
-

d. 1575

Ans - c

Explanation :

Here,

PV = ?

P = Rs. 676

T = 2 years

R = 4% = 0.04

$$PV = P / R * [(1+R)^T - 1]/(1+R)^T$$

$$PV = 676 \times (1.042 - 1) \div (0.04 \times 1.042) \\ = 1275$$

Which of the following is ratio, indicative of the repaying capacity of a borrower?

- a. Quick ratio
- b. T O L/T N W
- c. D S C R
- d. D E R

Ans - c

Bank guarantee should normally have a maturity of more than

- a. 5 years
- b. 10 years
- c. 15 years
- d. 20 years

Ans - b

Turnover method of assessment should be applied for working capital limit of up to Rsin case of SSI units.

- a. One Crore
 - b. Two Crores
 - c. Five Crores
-

d. Ten Crores

Ans - c

Project loans can be given by the bank to

- a. Only corporate
- b. Only corporate and partnership firms
- c. Only corporate, partnership firms and societies
- d. Any business entity

Ans - d

The conduct of LC business is governed by.....

- a. RBI
- b. IRDA
- c. UCPDC 600
- d. AMFA

Ans - c

Regulated Interest rates by RBI, are applicable for credit limit up to Rs ... lakh.

- a. 1
- b. 2
- c. 3
- d. 5

Ans - b

The total priority sector target for foreign banks, operating in India, is ...

- a. 20%
- b. 32%
- c. 40%
- d. 18%

Ans - b

Microeconomics is concerned with the behaviour of

- a. Gross domestic product
- b. Individual entities
- c. Economy as a whole
- d. None of the above

Ans - b

Equilibrium Price is also called.....

- a. Optimum Price
- b. Market Clearing Price
- c. Competitive Price
- d. None of these

Ans - b

Which combination is wrong for definition of economics.

- a. Alfred marshall - welfare definition
- b. Lionel Robbins - Scarcity definition
- c. Adam smith - wealth definition
- d. Alfred marshall - wealth definition

Ans - d

Broad money is indicated by...

- a. M1
- b. M2
- c. M3
- d. M4

Ans - d

If $a = 4$, $b = 2$, independent variable = 5, then dependent variable for estimating line is

- a. 6
 - b. 12
-

- c. 14
d. 18

Ans – c

Solution :

The equation we have is $Y = a + bx$

Here $a = 4$, $b = 2$ and independent variable = 5

$$\begin{aligned} \text{Now } Y &= 4 + 2 * 5 = 4 + 10 \\ &= 14 \end{aligned}$$

The yield on a 6-year bond is 12% while that of 4-year bond is 9%. What should be the yield on a 2-year bond beginning from now?

- a. 17
b. 18
c. 19
d. 20

Ans - c

Explanation :

$$\begin{aligned} (1+12\%)^6 &= (1+9\%)^4 \times (1+r)^2 \\ R &= 18\% \end{aligned}$$

Collateral is waived for loans up to Rs to MSE units.

- a. 1 lakh
b. 2 lakh
c. 3 lakh
d. 5 lakh

Ans - d

Which sector is also called tertiary sector in India?

- a. Agricultural
b. Industry
c. Services
d. External

Ans – c

If the dependent variable increases with the independent variable then the coeff. of correlation is

- a. 0 to -1
- b. 0 to -0.5
- c. 0 to -2
- d. none of these

Ans - d

If sign of r is negative then it indicates

- a. direct relationship between X & Y
- b. indirect relationship between X & Y
- c. inverse relationship between X & Y
- d. b or c

Ans - d

The role set conflicts take which of the following Inns (i) role ambiguity, (ii) role overload, (iii) role erosion

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

Who is considered as father of Modern Economics?

- a. Alfred Marshall
- b. Lionel Robbins
- c. Adam Smith
- d. None of these

Ans - c

Which of the following is the benchmark for pricing of securities in other markets?

- a. Money Market
-

- b. G - Secs Market
- c. Foreign Exchange Market
- d. Capital Market

Ans - b

.....

Credit guarantee for collateral free loans to MSE units is provided by Credit Guarantee Trust Fund administered by

- a. RBI
- b. IDBI
- c. SIDBI
- d. CCI (Controller of Capital Issues)

Ans - c

.....

The method of least squares finds the best fit line that _____ the error between observed & estimated points on the line

- a. maximizes
- b. minimizes
- c. reduces to zero
- d. b & c

Ans - b

.....

Which of the following statements are true? (i) Caring boss displays a Nurturing Parent ego state, (ii) Personality is a sum total of all that a person has learnt, (iii) We have an image of our own & our actions are consistent with that image

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

As on end of previous financial year, XYZ Bank has :
Total Advances - Rs. 80,000 Cr
ANBC (Adjusted Net Bank Credit) - Rs. 75000 Cr

Agriculture Advances - Rs. 13500 Cr
MSE Advances - 5000 Cr
Weaker Section Advances - Rs. 8500 Cr
Total Priority Sector Advances - Rs. 29000 Cr
Answer the following based of the above information

What is the target for Agriculture Advances in terms of amount?

- a. 12500
- b. 13000
- c. 13500
- d. 14000

Ans - c

What is the target for MSE Advances in terms of amount?

- a. 7500
- b. 9000
- c. 10500
- d. No such target for MSE

Ans - d

What is the target for Weaker Section Advances in terms of amount?

- a. 7500
- b. 9000
- c. 10500
- d. 12000

Ans – a

What is the target for Priority Sector Advances in terms of amount?

- a. 15000
- b. 22500
- c. 30000
- d. 37500

Ans – c

Purchasing and selling government bonds by RBI in the secondary market is performed under

- a. FRBM
- b. MSS
- c. OMO
- d. TOT

Ans - c

ADGP is issued by the bank not for (i) Purchase of capital goods, (ii) Purchase of goods, (iii) Sale of capital goods

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

The amount of term loan installment is Rs 10000/- per month, monthly average interest on TL is Rs 5000/-. If the amount of depreciation is Rs 30000/- p.a and PAT is Rs 270000/-. What would be the DSCR?

- a. 1.75
- b. 2
- c. 1.65
- d. 1.33

Ans - b

Let me Explain

Since $DSCR = \frac{\text{interest} + PAT + \text{Depreciation}}{\text{interest} + \text{instalment of TL}}$

Hence $(5000 \times 12 + 270000 + 30000) / (5000 \times 12 + 10000 \times 12)$

i.e $360000 / 180000$

i.e 2

Which of the following are source of funds for meeting the cost of fixed assets by an enterprise? (i) Credit by supplier of assets, (ii) Debentures, (iii) DPG

- a. Only (i) and (ii)

- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - a

.....

LM stands for

- a. Liquidity Model
- b. Liquidity preference and Money supply equilibrium
- c. Liquidity and Money Model
- d. Liquidity and money

Ans - b

.....

I S curve is derived from

- a. Classical theory.
- b. Keynesian liquidity preference theory of interest
- c. Law of diminishing marginal utility
- d. Law of equimarginal utility

Ans - a

.....

This emphasizes on the pattern of (mutual) expectations.

- a. Job
- b. Task
- c. Role
- d. Work

Ans - c

.....

The amount of term loan instalment is Rs 15000/- per month, Monthly average interest on TL is Rs 10000/-. If the amount of depreciation is Rs 30000/- p.a and PAT is Rs 300000/-. What would be the DSCR?

- a. 1
 - b. 1.5
 - c. 2
-

d. 2.5

Ans - c

Let me Explain

Since DSCR = (interest + PAT + Depreciation) / (interest + instalment of TL)
= (10000×12 + 300000 + 30000)/(10000×12 + 15000×12)
= (120000 + 330000) / (120000 + 180000)
= 450000/300000
= 1.5

Cash = Rs. 100000
Debtors = Rs. 200000
Inventories = Rs. 300000
Current liabilities = Rs. 200000
Total current assets = Rs. 600000
The quick ratio = ?

- a. 1.5:1
- b. 2.5:1
- c. 2:1
- d. 3:1

Ans - a

Let me Explain

Since Quick ratio = Quick asset / CL
Here Quick asset = CA - Inventory
Now CA = (Cash + Debtor.....etc) = Rs. 600000
Here inventories = 300000/-
So, Quick Assets = 600000 - 300000 = Rs. 300000
CL = Rs. 200000
Hence QR = 300000/200000
i.e 1.5:1

Current ratio of a unit is 3:1 and quick ratio is 1:1. The level of current assets is Rs 15 lac. What is the amount of quick asset?

- a. Rs 3 lac
 - b. Rs 5 lac
-

- c. Rs 7 lac
- d. Rs 9 lac

Ans - b

Let me Explain

Since CR = CA: CL
CR= CA:CL = 3:1
i.e. 15:CL= 3:1
i.e CL = 5 lac
Now QR= 1:1
Since QR= Quick asset/CL (here quick asset is CA-Inventory)
Hence QA= CL ~ 5 lac

A form of economy in which decisions regarding production and consumption are taken by individuals and firms is called:

- a. marketing economy
- b. capitalistic economy
- c. command economy
- d. either(a) or (b)

Ans - d

There are three fundamental problems of an economy. Two of these are 'what to produce' and 'how to produce'.The third problem is:

- a. for whom to produce
- b. choice between producing consumer good and capital goods
- c. distribution of income between factors of production
- d. either (a) or (c)

Ans - d

It is a process by which the management finds how effective it has been in hiring and placing the employees...

- a. Interview
 - b. Reference check
 - c. Performance appraisal
-

d. 360 degree appraisal

Ans - c

Who is the author of the book 'General Theory of Employment, Interest and Money'?

- a. Adam Smith
- b. Alfred Marshall
- c. Prof. Amartya Sen
- d. J.M.Keynes

Ans - d

Money supply refer to the amount of money:

- a. with the banks
- b. with banks and post offices
- c. with banks post offices and primary dealers
- d. in circulation in the economy

Ans - d

..... is a tool to increase "Self Awareness".

- a. Improving analytical ability
- b. Jointing Social circles / groups
- c. Johari window
- d. All of the above

Ans - c

To control employee behavior at work place as daydreaming, forgetfulness, absenteeism, tardiness, sabotage, alcoholism and drug abuse can be analysed through...

- a. Through Trait theory
- b. Through psychoanalytical studies
- c. Through self concept theory
- d. Through Social learning theory

Ans - b

Mandatory feature of a Letter of Credit

- a. Must have an applicant and a beneficiary
- b. Should have an advising bank and a confirming bank
- c. Should be confirmed to be operative
- d. Must be confirmed by the reimbursing bank

Ans - a

.....

Who gave wealth theory of economics?

- a. Alfred marshall
- b. Lionel Robbions
- c. Adam smith
- d. None of these

Ans - c

.....

In India which is a official inflation index used for policy decisions.

- a. Food inflation index
- b. Consumer price index
- c. Wholesale price index
- d. GDP deflator

And - c

.....

Shifts in Supply means

- a. When changes in factors other than goods own price affect the quantity supplied.
- b. When changes in goods own price affect the quantity supplied.
- c. Both a. and b.
- d. None of these

Ans - a

.....

The balance sheet of a firm has shown total asset of Rs 20 lacs. The long term uses are Rs 11 lacs and current ratio 1.5:1. What is the amount of current liabilities ?

- a. Rs 11 lacs
-

- b. Rs 9 lacs
c. Rs 7 lacs
d. Rs 6 lacs

Ans - d

A person wants to receive Rs. 1250 every quarter for 5 years @ 12% roi. How much he should invest now?

- a. 18975
b. 18795
c. 18579
d. 18597

Ans - d

Explanation :

Here,

P = 1250

R = 12% quarterly = 3% p.a.

T = 5 yrs = 20 quarters

$$PV = P / R * [(1+R)^T - 1]/(1+R)^T$$

$$\text{So, } PV = (1250 \div 0.03) * (1.0320 - 1) \div 1.0320 \\ = 18597$$

Sanctioned limit = Rs 3 lacs , Stocks = Rs 6 lacs, creditors = Rs 2 lacs , Mortgage of property = 50 lacs , margin = 30%. Calculate the DP.

- a. 3 lacs
b. 5 lacs
c. 2 lacs
d. 4 lacs

Ans - a

Which of the following statements is not true regarding credit derivatives products?

- a. These are used to hedge credit risk to the bank

- b. The protection buyer is the lending bank
- c. The protection seller can be another bank or any other organization
- d. The credit asset is transferred in case of derivatives

Ans - d

The amount of installment of a term loan is fixed at Rs 10000/- per month and the monthly average interest on the account is Rs 5000/-. If the amount of depreciation is Rs 30000/- p.a. and profit after tax Rs 270000/-. What is DSCR ?

- a. 1.5
- b. 1.75
- c. 2
- d. 2.5

Ans - c

Credit rating is a system of:

- a. Measuring risk
- b. Mitigating risk
- c. Migrating risk
- d. Credit appraisal

Ans - a

Human behaviour is a complex phenomenon. It is result of many factors including..... (i) biological process, (ii) psychological process, (iii) social process

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

Internal rating means -

- a. Rating the project
 - b. Rating the promoters
-

- c. Rating the risk for internal use
- d. None of the above

Ans - d

.....

Who is considered as father of Modern Economics?

- a. Alfred marshall
- b. Lionel Robbions
- c. Adam smith
- d. None of these

Ans - c

.....

Inphase of business cycle, unemployment will be widespread.

- a. Recession
- b. Depression
- c. Recovery
- d. Boom

Ans - a

.....

Economic Sector reforms were started in India in

- a. 1983
- b. 1985
- c. 1991
- d. 1981

Ans - c

.....

Indices for fuel group will be announced

- a. Daily
- b. Weekly
- c. Forth nightly
- d. Monthly

Ans – b

.....

..... is a measure of level of prices of all new, domestically produced final goods and services in an economy.

- a. WPI
- b. GDP deflator
- c. Price index
- d. CPI

Ans - b

Which one in Johari window concept of Luft and Ingham of self-awareness is also known as private?

- a. Arena
- b. Blind
- c. Closed
- d. Dark

Ans - C

..... was an early advocate of "Division of Labour".

- a. Abraham Maslow
- b. Peter F Drucker
- c. Charles Babbage
- d. Eric Berne

Ans – c

Which of the following factors do not fall in organizational factors so far the influence on behavior of an individual is concerned. (i) reward and compensation system (ii) Sex and education, (iii) perception and attitude

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - c

.....
A sack contains 4 black balls 5 red balls. What is probability to draw 1 black ball and 2 red balls in one draw ?

- a. 12/21
- b. 9/20
- c. 10/21
- d. 11/20

Ans – c

Solution :

Out of 9, 3 (1 black & 2 red. are expected to be drawn)

Hence sample space

$$\begin{aligned}n(S) &= {}^9C_3 \\ &= \frac{9!}{(6! \times 3!)} \\ &= \frac{362880}{4320} \\ &= 84\end{aligned}$$

Now out of 4 black ball 1 is expected to be drawn hence

$$\begin{aligned}n_B &= {}^4C_1 \\ &= 4\end{aligned}$$

Same way out of 5 red balls 2 are expected be drawn hence

$$\begin{aligned}n(R) &= {}^5C_2 \\ &= \frac{5!}{(3! \times 2!)} \\ &= \frac{120}{12} \\ &= 10\end{aligned}$$

Then $P(B \cup R) = \frac{n(B) \times n(R)}{n(S)}$

$$\text{i.e } \frac{4 \times 10}{84} = \frac{10}{21}$$

.....

Pick odd man out

- a. Brazil
- b. France
- c. India
- d. Russia

Ans - b

.....

Assume that you have a 6% Coupon console bond. The original face value is Rs. 1000 and the interest rate is 9%. Find the current value of this bond.

- a. 567
- b. 576
- c. 667
- d. 676

Ans - c

Explanation :

Current value of console bond
= Coupon ÷ interest rate
= 60 ÷ 0.09
= Rs. 667

Suppose you deposit 2000/- each year for the next three years into an account that pays 8%. How much will you have in 3 years?

- a. 6492.80
- b. 6758.62
- c. 6521
- d. 6120.52

Ans – a

Solution :

FV of annuity = $A/r \times \{(1+r)^n - 1\}$
Now FV = $2000/0.08 \times \{(1+0.08)^3 - 1\}$
i.e Rs 6492.80

What is the two year discounting factor at a discount rate of 10% per year ?

- a. 0.826
- b. 1.212
- c. 1.124
- d. 0.456

Ans – a

Solution :

The formula to solve the said sum is $1/(1+r)^t$ where r = discount rate and t = period

Here $r = 10$ and $t = 2$

$$\begin{aligned}\text{Discounting factor} &= 1/(1+0.10)^2 \\ &= 1/ 1.21 \\ &= 0.826\end{aligned}$$

Calculate Standard Error from the given data : $X = 10, 20, 30, 40, 50$

- a. 6.1071
- b. 6.0711
- c. 7.1071
- d. 7.0711

Ans - d

Explanation :

Total Inputs (N) = (10,20,30,40,50)
Total Inputs (N) =5

First find Mean:

$$\begin{aligned}\text{Mean (xm)} &= (x_1+x_2+x_3\dots x_n)/N \\ \text{Mean (xm)} &= 150/5 \\ \text{Mean (xm)} &= 30\end{aligned}$$

Then find SD:

$$\begin{aligned}\text{SD} &= \sqrt{(1/(N-1))*((x_1-x_m)^2+(x_2-x_m)^2+\dots+(x_n-x_m)^2)} \\ &= \sqrt{(1/(5-1))*((10-30)^2+(20-30)^2+(30-30)^2+(40-30)^2+(50-30)^2)} \\ &= \sqrt{(1/4)*((-20)^2+(-10)^2+(0)^2+(10)^2+(20)^2)} \\ &= \sqrt{(1/4)*((400)+(100)+(0)+(100)+(400))} \\ &= \sqrt{(250)} \\ &= 15.811\end{aligned}$$

Then Find Standard Error:

$$\begin{aligned}\text{Standard Error} &= \text{SD} / \sqrt{N} \\ &= 15.8114/\sqrt{5} \\ &= 15.8114/2.2361 \\ &= 7.0711\end{aligned}$$

.....
The standard error of the mean for a sample size of two or more is

- a. Always greater than the standard deviation of the population
- b. Generally greater than the standard deviation of the population
- c. Usually , the standard deviation of the population
- d. None of these

Ans - c
.....

Suppose you start a rent-a-car business and want to buy an automobile. You have choice of buying the car cash down for Rs 400,000 or paying Rs. 90,000 a year for five years for the same car. What will be your choice, if the opportunity cost is 10% ?

- a. Pay cash
- b. Take the auto loan
- c. Data insufficient to answer
- d. None of these

Ans – 2

Here PV of Rs 90,000 each year for the next 5 years will be..

$$PV(90000,10\%,5) = \{ 90000 \times (1.10^{-5} - a.) / 0.10 \times 1.1^5 \\ = 341171$$

Now as the Cash down payment is 400,000 greater than the PV of Rs. 90,000 for next 5 years (Rs. 34117a., you will prefer taking loan.
.....

CPI measures prices at.....

- a. Wholesale Level
- b. Consumer Level
- c. Retail Level
- d. None of these

Ans - c
.....

When the price of a commodity falls from Rs. 10 per unit to Rs. 9 per unit, the quantity supplied falls by 20%. Calculate the price elasticity of supply.

- a. 1
- b. 1.5

- c. 2
- d. 2.5

Ans - c

Solution :

Price Elasticity of Supply = (% change in quantity supplied. / (% change in price)

$$\begin{aligned} &= 20/(10-9)*100/10 \\ &= 20/1*10 \\ &= 20/10 \\ &= 2 \end{aligned}$$

The economy in which the government does not interfere in economic decisions is called.....

- a. Socialistic economy
- b. Mixed economy
- c. Market economy
- d. Laissez-faire economy

Ans - d

Net fiscal deficit is the difference between

- a. gross fiscal deficit and net interest payments
- b. gross fiscal deficit and interest payments
- c. gross fiscal deficit and net lending
- d. None of the above

Ans - c

Consumption of fixed capital is synonym of ...

- a. Wages
- b. Depreciation
- c. Rent
- d. Profit

Ans - b

.....
We have six students say A, B, C, D, E, F participating in a quiz contest. Out of six students only two can reach to the final. What is the probability of reaching to the final of each student ?

- a. 1/2
- b. 2/3
- c. 1/3
- d. 1/6

Ans – c

Since out of 6, 2 can reach the final. Hence sample space is

$$n(S) = {}^6C_2 = \frac{6!}{(6-2)! \times 2!} = 15$$

Here event of occurrence of probability of each student out of six (A B C D E F) = (AB AC AD AE AF) = n(E) = 5

$$\text{Now } P(E) = \frac{5}{15} = \frac{1}{3}$$

.....

An bag contains 10 black balls and 5 white balls. 2 balls are drawn from the bag one after other without replacement. What is the probability that both drawn are black ?

- a. 2/7
- b. 3/7
- c. 4/7
- d. 6/7

Ans - b

Solution :

Let E and F denote respective events that first and second ball drawn are black.

We have to find here P(E), P(E/F) and P(E n F)

$$\text{Now } P(E) = P(\text{Black in first drawn}) = \frac{10}{15}$$

Also given that the first ball is drawn i.e events E has occurred. Now there are 9 black balls and 5 white balls left in the urn. Therefore the probability that the second ball drawn is black, given that the ball first drawn is black nothing but conditional probability of F given that E has occurred already.

$$\text{Hence } P(E/F) = \frac{9}{14}$$

Now by the multiplication rule of probability

$$\begin{aligned} P(E \cap F) &= P(E) \times P(E/F) \\ &= \frac{10}{15} \times \frac{9}{14} = \frac{3}{7} \end{aligned}$$

.....

.....

People work for a variety of reasons i.e. there are a no. of factors that motivate a person to work, which include (i) money and appreciation, (ii) status, (iii) work satisfaction, self-growth

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

XYZ purchased machinery of Rs. 100000. The rate of depreciation is 10%. At WDV method, what is the amount of depreciation for 4 years?

- a. 33940
- b. 34390
- c. 34930
- d. 33490

Ans - B

Explanation :

Here,

$$P = 100000$$

$$R = 10\%$$

$$T = 5 \text{ yrs}$$

$$FV = P \cdot (1-R)^T$$

So,

$$FV = 100000 \cdot (1-0.1)^4$$

$$= 65610$$

So, amount of depreciation

$$= 100000 - 65610$$

$$= 34390$$

A jar contains 3 red marbles, 7 green marbles and 10 white marbles. If a marble is drawn at random, What is the probability that marble drawn is white?

- a. 2/5

- b. 1/2
- c. 3/8
- d. 10/13

Ans – 2

Solution :

Here Red = 3
Green = 7
White = 10

Hence total sample space is $(3+7+10) = 20$
Out of 20 one ball is drawn $n(S) = \{c(20, a.) = 20$

To find the probability of occurrence of one White marble out of 10 white ball
 $n(R) = \{c(10, a.) = 10$

Hence $P(R) = n(R)/n(S)$
 $= 10/20 = 1/2$

A person wants to borrow Rs. 25000 immediately and another Rs. 20000 after a period of 2 years @ 10% interest. He wants to pay it in monthly installments for 5 years. Calculate the amount of monthly payment?

- a. 879
- b. 897
- c. 978
- d. 987

Ans - a

Explanation :

Here,

PV of 20000 for 2 years @ 10% = $20000 \div 1.0083324 = 16388.07$

So, total amount = $25000 + 16388.07 = 41388.07$

Now, $T = 5 \times 12 = 60$ months and $R = 10\% \text{ p.a.} = 10/1200 = 0.00833$

$EMI = P * R * [(1+R)^T / ((1+R)^T - 1)]$

$EMI = 41528.93 \times 0.00833 \times 1.0083360 \div (1.0083360 - 1)$
 $= 879$

.....
Factors of production used in the production are categorised into ... categories.

- a. 2
- b. 3
- c. 4
- d. 5

Ans - c
.....

When pizza prices rise 40%, the quantity of pizzas supplied rises by 26%. Calculate the price elasticity of supply.

- a. 0.50
- b. 0.65
- c. 0.75
- d. 0.85

Ans - b

Solution :

$$\text{Price Elasticity of Supply} = (\% \text{ change in quantity supplied.} / \% \text{ change in price}) \\ = 26/40 = 0.65$$

.....

Which of the following statements about inflation is not correct?

- a. It is sustained increase in price level over a period.
- b. Inflation leads to erosion in purchasing power of money
- c. Inflation always has only negative effect on the economy.
- d. None of the above

Ans - c
.....

Unemployment of men and materials is widespread during which phase of business cycle?

- a. boom
- b. recession
- c. depression
- d. recovery

Ans - c
.....
.....

Mr x is to receive Rs. 10000, as interest on bonds by end of each year for 5 years @ 5% roi. Calculate the present value of the amount he is to receive.

- a. 43925
- b. 43295
- c. 49325
- d. 49235

Ans - b

Explanation :

Here,

$$P = 10000$$

$$R = 5\% \text{ p.a.}$$

$$T = 5 \text{ Y}$$

$$PV = P / R * [(1+R)^T - 1]/(1+R)^T$$

PV to be received, if the amount invested at end of each year:

So,

$$FV = (10000 \div 0.05) * \{(1+0.05)^5 - 1\} \div (1+0.05)^5$$

$$= 43295$$

A company has net worth of Rs 5 lac , term liabilities are Rs 10 lac. Fixed Assets worth Rs 16 lac and current assets are Rs 25 lac. There is no intangible assets or the non current assets. Calculate it's net working capital.

- a. 1 lac
- b. 2 lac
- c. 3 lac
- d. 4 lac

Ans - a

Here Net worth = capital + reserve = 5 lac

Since capital is a kind of liability hence liability = 5 lac

Liabilities = 10+5 = 15 lac

Assets= 16+25= 41 lac

But as per balance sheet Total assets = Total liabilities

Hence liabilities must be 41 lac also

.....
In 41 lac (41-15= 26) i.e 26 lac will be CL

Hence NWC = CA-CL

= 1 lac
.....

The value of a statistic tends towards the value of the population as size increases. What is it said to be ?

- a. sufficient
- b. consistent
- c. efficient
- d. unbiased

Ans - b
.....

Mr. Raj decided to deposit Rs. 5000 every year (at end of the year) for 10 years. How much amt he will get if the interest rate of is 5% p.a.?

- a. Rs.62890
- b. Rs.62980
- c. Rs.68920
- d. Rs.69820

Ans: a

Solution :

$$\begin{aligned} Fv &= a/r (1+r)^n - 1 \\ &= 5000/.05(1.05)^{10} - 1 \\ &= 62890 \end{aligned}$$

.....

Under career path planning, at each level, the jobs which are comparable in terms of the knowledge, skill requirement can be identified and categorized as a group. This is called as

- a. task group
- b. job families
- c. work cluster
- d. any of the above

Ans - b
.....
.....

A company has net worth of Rs. 15 lac, term liabilities are Rs. 10 lac. Fixed Assets worth Rs. 16 lac and current assets are Rs. 25 lac. There is no intangible assets or the non current assets. Calculate it's net working capital.

- a. 6 lac
- b. 7 lac
- c. 8 lac
- d. 9 lac

Ans - d

Total Assets = Total liabilities
Total Assets = Fixed Assets + current assets
= 16 + 25
= 41
So total liabilities must be 41 lac

Now out of 41 lac, the long term liability is 25 lac (15 + 10)
Hence CL = 41 - 25 = 16 lac
Now we have CA = 25 lac and CL = 16 lac
NWC = 25 - 16
= 9 lac

The balance sheet of a firm has shown total asset of Rs 20 lacs. The long term uses are Rs 11 lacs and current ratio 1.5:1. What is the amount of current liabilities ?

- a. Rs 11 lacs
- b. Rs 9 lacs
- c. Rs 7 lacs
- d. Rs 6 lacs

Ans - d

Solution:

Total Assets - long term asset = current Assets
Hence, current assets = 20 - 11 = 9.00 lac
Current ratio 1.5:1
Current ratio = Current Assets / Current Liabilities
1.5:1 = 9 / Current liabilities
Current liabilities = 9/1.5
= 6 lac

The amount of instalment of a term loan is fixed at Rs. 25000/- per month and the monthly average interest on the account is Rs. 15000/-. If the amount of depreciation is Rs. 60000/- p.a. and profit after tax Rs. 600000/-. What is DSCR ?

- a. 1.5
- b. 1.75
- c. 2
- d. 2.5

Ans - b

$$\begin{aligned} \text{DSCR} &= (\text{Interest} + \text{PAT} + \text{Depreciation} + \text{other non cash expenses}) / (\text{interest} + \text{instalment on TL}) \\ &= (15000 \times 12 + 600000 + 60000) / (15000 \times 12 + 25000 \times 12) \\ &= 840000 / 480000 \\ &= 1.75 \end{aligned}$$

Current ratio of a unit is 3:1 and quick ratio is 1:1. The level of current assets is Rs 15 lac. What is the amount of quick asset?

- a. Rs 3 lac
- b. Rs 5 lac
- c. Rs 7 lac
- d. Rs 9 lac

Ans - b

Solution :

$$\begin{aligned} \text{CR} &= \text{CA}:\text{CL} \\ \text{CA}:\text{CL} &= 3:1 \\ 15:\text{CL} &= 3:1 \\ \text{CL} &= 5 \text{ lac} \end{aligned}$$

$$\begin{aligned} \text{Now QR} &= 1:1 \\ \text{QR} &= \text{Quick asset}/\text{CL} \\ \text{Quick asset}/\text{CL} &= 1:1 \\ \text{QA} &= \text{CL} = 5 \text{ lac} \end{aligned}$$

Current Assets are Rs. 25 lac and Current ratio is 3:1. If Working capital turn over ratio is 8 and net profit to sales percent 11%, find the amount of net profit.

- a. Rs. 11 lac
- b. Rs. 22 lac
- c. Rs. 33 lac
- d. Rs. 44 lac

Ans - b

Solution :

Current assets are Rs. 25 lac

Now since wc turn over ratio is 8 that means the total turn over will be $25 \times 8 = 200$ lac

Then profit should be $200 \times 11\% = 22$ lac

Cash = Rs. 2,00,000

Debtors = Rs. 5,00,000

Inventories = Rs. 10,00,000

Current liabilities = Rs. 15,00,000

Total current assets = Rs. 25,00,000

The quick ratio = ?

- a. 1:1
- b. 1.5:1
- c. 2:1
- d. 2.5:1

Ans - a

Solution :

Quick ratio = Quick asset / CL

Here Quick asset = CA-Inventory

Now CA = Rs. 25,00,000 and inventories = Rs. 10,00,000

So, Quick asset = $2500000 - 1000000 = 1500000$

CL = 1500000

Hence Quick Ratio = $1500000/1500000$

= 1:1

The balance sheet of a firm has shown total asset of Rs. 35 lacs. If the current ratio 2:1 and the long term uses are Rs. 20 lacs, What is the amount of current liabilities ?

- a. Rs. 6 lacs
- b. Rs. 7.5 lacs
- c. Rs. 9 lacs
- d. Rs. 10.5 lacs

Ans - b

Solution:

Total Assets - long term asset = current Assets
Hence, current assets = 35 - 20 = 15 lac
Current ratio 2:1
Current ratio = Current Assets / Current Liabilities
2:1 = 15 / Current liabilities
Current liabilities = 15/2
= 7.5 lac

Calculate the present value of 6 year bond with 9 per cent coupon rate with FV Rs. 1000/-. Current interest rate is 12 per cent.

- a. Rs.843.83
- b. Rs.1025.57
- c. Rs.876.66
- d. Rs.768.68

Ans - c

Solution

FV = 1000
Coupon Rate (CR) = 0.09
t = 6 year
R (YTM) = 0.12
Annual interest rate payable = 1000 * 9% = 90
Principal repayment at the end of 6 year = Rs. 1000
= 90 (PVIFA, 12%, 6 years) + 1000 (PVIF, 12%, 6 Years)
PVIFA = $\frac{((1+r)^t - 1)}{r} + PVIF = \frac{1}{(1+R)^t}$
= 90(1.12⁶ - 1) / 0.12 + 1000(1 / 1.12⁶)
= 90 * 1.97382 - 1 / 0.12 * 1.1.97382 + 1000(1 / 1.97382)

.....

$$\begin{aligned} &=90*0.97382/0.12*1.97382+1000*0.0.50663 \\ &=90*0.97382/0.23685+506.63 \\ &=90*4.11154+506.63 \\ &=370.03+506.63 \\ &=876.66 \end{aligned}$$

.....

Working capital gap is not (i) Current Assets less Current Liabilities, (ii) Current Assets less Current Liabilities other than Bank Borrowings, (iii) 75% of Current Assets

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - b

.....

A company has Fixed Assets worth Rs. 20 lac and current assets are Rs. 60 lac, current liabilities are Rs. 40 lac. There is no intangible assets or the non current assets. Calculate it's net working capital.

- a. 20 lac
- b. 30 lac
- c. 40 lac
- d. 60 lac

Ans - a

$$\begin{aligned} \text{NWC} &= \text{CA} - \text{CL} \\ \text{we have CA} &= 60 \text{ lac and CL} = 40 \text{ lac} \\ \text{NWC} &= 60 - 40 \\ &= 20 \text{ lac} \end{aligned}$$

.....

The amount of instalment of a term loan is fixed at Rs. 16000/- per month and the monthly average interest on the account is Rs. 7500/-. If the amount of depreciation is Rs. 33000/- p.a. and profit after tax Rs. 300000/-. What is DSCR ?

- a. 1.5
- b. 1.75
- c. 2
- d. 2.5

Ans – a

.....

.....

$$\begin{aligned} \text{DSCR} &= (\text{Interest} + \text{PAT} + \text{Depreciation} + \text{other non cash expenses}) / (\text{interest} + \text{instalment on TL}) \\ &= (7500 \times 12 + 300000 + 33000) / (7500 \times 12 + 16000 \times 12) \\ &= 423000 / 282000 \\ &= 1.5 \end{aligned}$$

.....

Current ratio of a unit is 2:1 and quick ratio is 1:1. The level of current assets is Rs. 20 lac. What is the amount of quick asset?

- a. Rs. 5 lac
- b. Rs. 10 lac
- c. Rs. 15 lac
- d. Rs. 20 lac

Ans - b

Solution :

$$\begin{aligned} \text{CR} &= \text{CA} : \text{CL} \\ \text{CA} : \text{CL} &= 2 : 1 \\ 20 : \text{CL} &= 2 : 1 \\ \text{CL} &= 10 \text{ lac} \end{aligned}$$

$$\begin{aligned} \text{Now QR} &= 1 : 1 \\ \text{QR} &= \text{Quick asset} / \text{CL} \\ \text{Quick asset} / \text{CL} &= 1 : 1 \\ \text{QA} &= \text{CL} = 10 \text{ lac} \end{aligned}$$

.....

No loan related and ad-hoc service charges/inspection charges should be levied on priority sector loans up to

- a. Rs. 10,000
- b. Rs. 25,000
- c. Rs. 40,000
- d. Rs. 50,000

Ans - b

.....

The priority target is mentioned as a percentage of

- a. Adjusted Net Bank Credit (ANBC)
-

- b. Credit Equivalent Amount of Off-Balance Sheet Exposure (OBE)
- c. Whichever is higher as on March 31 of the previous year
- d. None of the above

Ans - c

.....

The overall priority sector target foreign banks is

- a. 20%
- b. 32%
- c. 40%
- d. 50%

Ans - c

.....

Foreign banks with less than 20 branches have to achieve the priority sector target of 40% in a phased manner but within

- a. 2018
- b. 2019
- c. 2020
- d. 2021

Ans - c

.....

Bank loans up to a limit of Rs.5 crore per borrower for building social infrastructure will be eligible for categorization as priority sector for following activities (i) health care facilities, (ii) drinking water facilities, (iii) sanitation facilities

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

NNP for a given year can be defined as

- a. Market value of final goods only
 - b. The market value of all final goods and services
-

- c. The market value of all final services only
- d. None of the above

Ans - b

.....

Deficit Financing means

- a. Government spends in excess of revenue and capital receipt to that budget deficit incurred which is financed by borrowing from the RBI.
- b. Difference in borrowing an internal and external resources
- c. Capital expenditure on items of public construction, public enterprises and public borrowings.
- d. None of the above

Ans - a

.....

Temporary control of inflation can be effected by

- a. Lowering Bank Rate
- b. Purchasing of securities by RBI
- c. Restraint on the growth of money supply
- d. None of these

Ans - c

.....

Status symbol goods are (i) Veblen goods, (ii) Exception to law of demand, (iii) Goods of conspicuous consumption

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

Which of the following is true about Straight bonds? (i) A straight (normal or with interest) bond is one where the purchaser pays a fixed amount of money (principal) to buy the bond, (ii) At regular periods, he/she receives an interest payment, called the coupon payment, (iii) The final interest payment and the principal are paid on date of maturity

- a. Only (i) and (ii)
-

- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

.....

Price - demand relationship in the case of Giffen goods is

- a. Inverse
- b. Direct
- c. Absent
- d. None of the above

Ans - b

.....

The term "hyper-inflation" is used to denote

- a. Creeping inflation
- b. Step by step inflation
- c. A "Runaway" or "galloping" inflationary situation where the monetary unit becomes almost worthless
- d. None of these

Ans - c

.....

If the interest rate changes, from 8 per cent this year to 10 per cent next year. What is the Future value of Rupees 100 in 2 years? What is the Present Value of Rupees 100 to be received after 2 years?

- a. 81.48
- b. 81.84
- c. 84.18
- d. 84.81

Ans - c

Solution

$$\begin{aligned} FV &= PV(1+r)^n \\ &= 100 * 1.08 * 1.10 \\ &= 100 * 1.188 \\ &= 118.80 \\ PV &= FV / (1+r)^n \end{aligned}$$

$$\begin{aligned} &= 100/1.08 * 1.10 \\ &= 100/1.188 \\ &= 84.178 \\ &= 84.18 \end{aligned}$$

Ups and downs in the economy due to trade cycles are called

- a. cyclical variations
- b. seasonal variations
- c. secular trends
- d. none of the above

Ans - a

Which one of the following is the indication of seasonal variation

- a. improvement in techniques
- b. demand of woolen clothes in winter
- c. purchase of books during the beginning of the academic sessions
- d. none of the above

Ans - b

Bond holders are of the business (Bond issuer)

- a. Creditors
- b. Share holders
- c. Partners
- d. Owners

Ans - a

Y = ? in series

- a. $TxS+C+1$
- b. $T-S+C-1$
- c. $T-SxCx1$
- d. $TxSxCx1$

Ans - d

It the Coupon rate & the Discount rate (Market based) or the expected rates of return are same

- a. The bond will be trading at par
- b. Bond will trade at a discount
- c. Bond will trade at a premium
- d. Coupon rate & discount rates have no connection with each other

Ans - a

Whose work can be cited as the first instance of defining the perspective of adult learning in the 20th century?

- a. Socrates
- b. Confucius
- c. Lindeman
- d. Aristotle

Ans - c

When the rate of inflation increases?

- a. purchasing power of money increases
- b. purchasing power of money decreases
- c. value of money increases
- d. amount of money in circulation decreases

Ans - b

State true or false 1. Each organization needs competent staff with the necessary qualifications, skills, knowledge, work experience and aptitude to perform work. 2. Manpower planning is also needed in order to identify an organizations need to reduce its workforce. Select the correct option

- a. 1 is True, 2 is False
- b. 1 is False, 2 is True
- c. 1 is True. 2 is True
- d. 1 is False, 2 is False

Ans - c

In the 360 degree appraisal method, the appraisal of an employee is done by (i) seniors, (ii) colleagues, (iii) subordinates

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

Macroeconomics deals with;

- a. Gross domestic product
- b. Unemployment rate
- c. Price indices
- d. All the above

Ans - d

According to J.M.Keynes rate of interest and bond prices are related

- a. Inversely
- b. Directly
- c. Parallely
- d. Horizontally

Ans - a

As per RBI latest guidelines, loans to cooperative societies of farmers for disposing of the produce of members upto Rs.... are covered under priority sector.

- a. 25 Lakhs
- b. 50 Lakhs
- c. 1 Crore
- d. 5 Crores

Ans - d

Keynes explained interest in terms of

- a. Real forces
- b. Economic forces
- c. Monetary forces
- d. Social forces

Ans - c

X wants to send his daughter to a management school after 5 years and will need onetime payment of charges amounting to Rs. 7 lac. At 12% roi, how much he should invest annually?

- a. 111087
- b. 110187
- c. 118107
- d. 118017

Ans - b

Explanation :

Here,
FV = 7 lac
R = 12% p.a.
T = 5 yrs

$$FV = P / R * [(1+R)^T - 1]$$

$$700000 = P * (1.125 - 1) \div 0.12$$

$$700000 = P * 6.352847$$

$$P = 110187$$

Industries & business enterprises whose turnover for the accounting period exceeds Rs.50 crore has to submit segment-wise reporting as per ...

- a. AS-3
- b. AS-7
- c. AS-17
- d. AS-21

Ans - c

.....
The compensation should be adequate which takes into account the following (i) minimum wages, (ii) living wages, (iii) fair wages

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d
.....

No penal interest should be charged to borrowers of loan under priority sector upto Rs.

- a. 10000
- b. 20000
- c. 25000
- d. 50000

Ans - c
.....

Advances against pledge/hypothecation of agricultural produce sanctioned to farmers on or after 01.04.2013 upto Rs.... are covered under priority sector.

- a. 10 Lakhs
- b. 15 Lakhs
- c. 25 Lakhs
- d. 50 Lakhs

Ans - d
.....

No collateral security is required for loan under MSME for manufacturing/production and providing or rendering of services upto Rs.

- a. 1 lakh
- b. 2 lakhs
- c. 5 lakhs
- d. 10 lakhs

Ans - C
.....

Which one is not a Basic concept used in preparing of financial statements ?

- a. Entity concept
- b. Money Market concept
- c. Going Concern concept
- d. Accrual concept

Ans - b

.....

Which one doesn't come under Liability ?

- a. Share capital
- b. Reserve & surplus
- c. Miscellaneous expenditure
- d. current liability & provisions

Ans - c

.....

Which accounting standard makes it mandatory for some enterprises to prepare cash Flow Statement for the accounting period ?

- a. AS-1
- b. AS-3
- c. AS-9
- d. AS-17

Ans -b

.....

Which one doesn't come under Current liabilities ?

- a. Advance payments received
- b. pre-paid expenses
- c. unclaimed dividend & dividends
- d. provisions for taxes

Ans - b

.....

..... is known for his concept of "Division of Labour" and "Time and motion studies".

- a. Abraham Maslow
-

- b. Frederick Tailor
- c. Robert Owen
- d. Eric Berne

Ans - b

The general feeling of fellowship that prevails in the workgroup atmosphere, prevalence of information supporting cultural and social groups comes in which type of climate survey?

- a. Identity
- b. Structure
- c. Risk
- d. Warmth

Ans - d

It is a process by which the management finds how effective it has been in hiring and placing the employees...

- a. Interview
- b. Reference check
- c. Performance appraisal
- d. 360 degree appraisal

Ans - c

Which step comes after when the performance standards are communicated to the employees and the performance appraisal methods.

- a. Performance level are compared with benchmark
- b. Out comes are than communicated to employees.
- c. Measure the performance of employee
- d. Initiate corrective action

Ans - c

In demand curve, quantity and prices are related. (i) Directly, (ii) Inversely

- a. Only (i)
 - b. Only (ii)
-

- c. Either (i) or (ii)
- d. Neither (i) nor (ii)

Ans - b

.....

Z raised a house loan of Rs.10 lac at 12% rate of interest repayable in 10 years. Calculate the EMI?

- a.10654
- b.10799
- c.10987
- d.11281

Ans - c

.....

The oldest and simple method of performance appraisal where Relative position of each employee is assessed, is called as?

- a. Comparison method
- b. Straight ranking method
- c. Graphic or linear rating method
- d. Grading method

Ans - b

.....

It is a tendency to allow one trait or characteristic of an employee to influence the assessment, it rate an employee either high or low.

- a. Similar error tendency
- b. Central tendency
- c. Halo effect
- d. Leniency or strictness tendency

Ans - c

.....

Given,

Currency with public - Rs. 90000 Crores
Demand deposit with banking system - Rs. 180000 Crores
Time deposits with banking system - Rs. 220000 Crores
Other deposit with RBI - Rs. 260000 Crores

Savings deposit of post office savings banks - Rs. 60000 Crores
All deposit with post office savings bank excluding NSCs - Rs. 50000 Crores
Calculate M4.

- a. Rs. 750000 Crores
- b. Rs. 800000 Crores
- c. Rs. 810000 Crores
- d. Rs. 870000 Crores

Ans - b

Solution :

$M4 = M3 + \text{All deposit with post office savings bank excluding NSCs}$

$M3 = M1 + \text{Time deposit with banking system}$

$M1 = \text{currency with public} + \text{demand deposit with the banking system} + \text{other deposits with RBI}$

$M1 = 90000 + 180000 + 260000$

$M1 = 530000$

So,

$M3 = M1 + \text{Time deposit with banking system}$

$M3 = 530000 + 220000$

$M3 = 750000 \text{ Crores}$

So,

$M4 = M3 + \text{All deposit with post office savings bank excluding NSCs}$

$M4 = 750000 + 50000$

$M4 = 800000 \text{ Crores}$

Money is anything which performs (i) A measure of value, (ii) A store of value over time, (iii) Measure of prosperity

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - a

Expand S L R

- a. Statutory Leverage Ratio
 - b. Statutory Liquidity Ratio
-

- c. Statutory Liquidity Rate
- d. Static Liquidity Ratio

Ans - b

.....

CSO classifies the Industrial Sector in to how many segments?

- a. Three
- b. Four
- c. Six
- d. Two

Ans - a

.....

Herzberg mentioned six motivational factors. Which is not one among them?

- a. Recognition
- b. Advancement
- c. Responsibility
- d. Job security

Ans - d

.....

The value a person assign to his desired reward is called.....

- a. Perk
- b. Pay
- c. Salary
- d. Valence

Ans - d

.....

In the relationship between height and educational qualification

- a. the height is independent and education is dependent variable
- b. the height is dependent and education is independent variable
- c. there is inverse relationship between the two
- d. none of the above

Ans – d

.....

Taylor believed that workers would be motivated by "Rabble Hypothesis". This assumption of Taylor are based on

- a. Need for security
- b. Social fulfillment
- c. Challenging job
- d. Need for money

Ans - d

In given Qrtly. data the first step in computing seasonal index is calculating

- a. 4 qtr moving average
- b. discard highest and lowest values
- c. 4 qtr. Moving total
- d. none of the above

Ans - c

For a data of 8 half year periods the code for the 7th half is

- a. 2
- b. 3
- c. 6
- d. 5

Ans - d

When coding for odd number of periods. The following is done

- a. subtract each value from the smallest value
- b. subtract each value from the highest value
- c. subtract each value from the middlemost term
- d. none of the above

Ans - c

Given,

Corporation tax - Rs. 500 Crores
Income tax - Rs. 400 Crores

Other taxes and duties - RS. 200 Crores
Customs - RS. 500 Crores
Union exercise tax - Rs. 400 Crores
Service tax - Rs. 700 Crores
Tax of union territories- Rs. 200 Crores
Interst receipt - Rs. 500 Crores
Devident & profit - Rs. 800 Crores
External grant - Rs. 200 Crores
Other non tax revenue - Rs. 900 Crores
State Share - Rs. 500 Crores
Receipt of union territories - Rs. 700 Crores
Trf to NCCD (National calamity Contingency fund. - Rs. 200 Crores

calculate Total Revenue Receipt ...

- a. Rs 5100 Crores
- b. Rs 5300 Crores
- c. Rs 5500 Crores
- d. Rs 5700 Crores

Ans - b

Solution :

Total Revenue Receipt = Net Tax Revenue + Total Non Tax Revenue

Let us first calculate Net Tax Revenue,

$NTR = GTR - NCCD - \text{State share}$

Gross Tax revenue = Corporation Tax + Income tax + other tax & duties + customs + union excise duties + service Tax + taxes on union territories

$$= 500 + 400 + 200 + 500 + 400 + 700 + 200$$
$$= 2900 \text{ Crores}$$

Net Tax Revenue = Gross tax revenue - NCCD - state share

$$= 2900 - 200 - 500$$
$$= 2200 \text{ Crores}$$

Now, let us calculate Total Non Tax Revenue,

Total Non Tax Revenue = Interest Receipt + Dividend & profit + External grants + other Non-Tax revenue + Receipt of union territories

$$= 500 + 800 + 200 + 900 + 700$$
$$= 3100 \text{ Crores}$$

So,

Total Revenue Receipt = Net Tax Revenue + Total Non Tax Revenue

Total Revenue Receipt = 2200 + 3100

= 5300 Crores

Abhinav brindra won a gold medal in Olympics. By winning ever first gold medal for india he has full filled his which needs

- a. Physiological needs
- b. Social needs
- c. Self esteem needs
- d. Self actualization needs

Ans - c

Market Demand Curve obeys the (i) Law of downward-sloping demand (ii) Law of upward-sloping demand

- a. Only (i)
- b. Only (ii)
- c. Either (i) or (ii)
- d. Both (i) and (ii)

Ans - a

Service Sector is also called as

- a. Primary Sector
- b. Secondary Sector
- c. Tertiary Sector
- d. None of the above

Ans - c

Given,

Recoveries of loan and advance	- Rs. 1200 Crores
Misc capital receipt	- Rs. 600 Crores
Market loans	- Rs. 500 Crores
Short term borrowings	- Rs. 800 Crores
External assistance (Net)	- Rs. 300 Crores

State provident fund	- Rs. 400 Crores
Other receipts (Net)	- Rs. 800 Crores
Securities issued against small savings	- Rs. 300 Crores
Recoveries of short term loans and advances from states and loans to govt servants	- Rs. 600 Crores
Total Non Tax Revenue	- Rs. 3000 Crores
Net Tax Revenue	- Rs. 1000 Crores
Draw down cash balance	- Rs. 2000 Crores

Calculate Capital Receipt ...

- a. Rs 2700 Crores
- b. Rs 3900 Crores
- c. Rs 4300 Crores
- d. Rs 5100 Crores

Ans - c

Solution :

Capital Receipt = Non Debt Receipt + Debt Receipt

Let us first calculate Non Debt Receipt,

Non Debt Receipt = Recoveries of loan & advances (deduct recoveries of short term loans & advance from state and loans to govt servants) + Misc Capital receipts
= 1200-600+600
= 1200 Crores

Now, let us calculate Debt receipt,

Debt Receipt = Market Loans + Short Term Borrowings + External assistance(NET) + Securities issued against Small savings + State provident fund + other Receipts(Net)
= 500 + 800 + 300 + 300 + 400 + 800
= 3100 Crores

Capital Receipt = Non Debt Receipt + Debt Receipt
= 1200 + 3100
= 4300 Crores

Reforms were started in

- a. 1981
 - b. 1991
-

- c. 1971
- d. 1995

Ans - b

.....

The share of services in the national income from the last 10 years is

- a. Decreasing
- b. Constant
- c. Increasing
- d. Nominal

Ans - c

.....

Expand I T E S.

- a. Information Technology and Electronic Services
- b. Information Technology and Enabled Services
- c. Information Technology and Efficient Services
- d. None of the above

Ans - b

.....

Twin economic imbalances existed during 1990 are ...

- a. Fiscal crisis and external payment crisis
- b. Fiscal and monetary crisis
- c. Monetary and external payment crisis
- d. None of the above

Ans - a

.....

A time series of annual data will contain which of the following components

- a. secular trend
- b. cyclical fluctuation
- c. seasonal variation
- d. a & b

Ans – d

.....

The seasonal changes are always

- a. periodic but not regular
- b. not periodic
- c. periodic and regular
- d. none of the above

Ans - c

Which is the feature of prosperity ? (i) inflation, (ii) optimism, (iii) high profits

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

Given,

Recoveries of loan and advance	- Rs. 2000 Crores
Misc capital receipt	- Rs. 500 Crores
Market loans	- Rs. 500 Crores
Short term borrowings	- Rs. 1000 Crores
External assistance (Net)	- Rs. 300 Crores
State provident fund	- Rs. 400 Crores
Other receipts (Net)	- Rs. 1000 Crores
Securities issued against small savings	- Rs. 500 Crores
Recoveries of short term loans and advances from states and loans to govt servants	- Rs. 800 Crores
Total Non Tax Revenue	- Rs. 4000 Crores
Net Tax Revenue	- Rs. 1500 Crores
Draw down cash balance	- Rs. 3000 Crores

Calculate Capital Receipt ...

- a. Rs 3700 Crores
- b. Rs 4200 Crores
- c. Rs 4700 Crores
- d. Rs 5400 Crores

Ans - d

Solution :

Capital Receipt = Non Debt Receipt + Debt Receipt

Let us first calculate Non Debt Receipt,

Non Debt Receipt = Recoveries of loan & advances (deduct recoveries of short term loans & advance from state and loans to govt sarvants) + MISC Capital receipts
= 2000-800+500
= 1700 Crores

Now, let us calculate Debt receipt,

Debt Receipt = Market Loans + Short Term Borrowings + External assistance(NET) + Securities issued against Small savings + State provident fund + other Receipts(Net)
= 500 + 1000 + 300 + 500 + 400 + 1000
= 3700 Crores

Capital Receipt = Non Debt Receipt + Debt Receipt
= 1700 + 3700
= 5400 Crores

Case Study

A firm has Capital of Rs. 200, Reserve Rs. 230 Term Loan of Rs. 180, Advance from customers Rs. 40, sundry creditor Rs. 100, Bank CC limit balance Rs. 400, Fixed Assets Rs. 300, Preliminary expenses Rs. 80, Debit balance of profit and loss account balance Rs. 30, advance tax paid Rs. 20, cash on hand Rs. 20, Stock Rs. 400 and sundry creditor Rs. 300. on the basis of the above information:

01. Tangible Net worth of the firm

- a. Rs. 430
- b. Rs. 200
- c. Rs. 350
- d. Rs. 320

Ans - d

Solution

Tangible Networkth= Networkth-inttengible assets
Capital+reserve-(preliminary expeses+p&L debit balance)
= 200+230-(80+30)
= 430-110
= 320

02. in the above problem, the current ration would be

- a. 1.25:1
- b. 1.28:1
- c. 1.33:1
- d. 1.37:1

Ans - d

Solution

Current Ratio=Current Assets / Current Liabilities

$$CA=(20+20+400+300)=740$$

$$CL=(40+100+400)=540$$

$$= 740/540$$

$$= 1.37:1$$

.....

03. in the above problem, the total outside liabilities to tangible netwoth

- a. 1:1
- b. 1.8:1
- c. 2.1:1
- d. 2.25:1

Ans - d

Solution

Total outsiders liabilities/Tangible networkth

$$=720/320$$

$$=2.25:1$$

.....

04. if the sales are Rs. 2000, stock turnover Ratio is

- a. 5 times
- b. 6 times
- c. 3 times
- d. 2 times

Ans - a

Solution

Stock turn over ratio= Sales/stock
=2000/400
=5 times

05. if the sales are Rs. 3000, the debt collection period and debit turnover ratio would be

- a. 1 month and 12 times
- b. 1.2 month and 10 times
- c. 1.5 month and 8 times
- d. 2 month and 6 times

Ans - b

Solution

Debt Collection period = No. days or months or Weeks in a year/Debt Turnover Ratio.
12 month in year
=12/10 = 1.2

Debtors Turnover Ratio = Net Credit Sales / Average Debtors.
=3000/300
=10 times
1.2 month and 10 times

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

Ans - d

Economic growth is usually coupled with

- a. Deflation
- b. Inflation
- c. Stagflation
- d. Hyperinflation

Ans - b

What would an increase in demand for goods mean

- a. Increase in inflation
- b. Decrease in inflation
- c. growth in money supply
- d. drop in money supply

Ans - a

Which of the following is a cause of high inflation?

- a. Good production capacity
- b. Drop in demand
- c. High money supply
- d. low growth

Ans - c

Which of the following is included in the money supply measure M4?

- a. Currency with Public
- b. Money in demand deposit
- c. Money in time deposit
- d. All the above

Ans - d

For what reasons a person will required to pay interest to a bank?

- a. if the person uses fund from bank
- b. the loan given by the bank contains risk
- c. none of the above
- d. a and b above

Ans - d

What will be the nature of the interest charged on a loan with weak security?

- a. interest amount ill be low
 - b. Interest amount does not depend on the nature of security
-

- c. interest amount will be high
- d. none of the above

Ans - c

.....

Name of the economist who proposed the theory of liquidity preference, which suggested that speculative motive is one of the three motive for demand for money.

- a. Marshal
- b. Robbins
- c. Keynes
- d. Adam Smith

Ans - c

.....

Which sector is the highest growing sector in the Indian economy?

- a. Agricultural
- b. Industry
- c. MSEM
- d. Services

Ans - d

.....

A study is done to see if there is a linear relationship between the life expectancy of an individual and the year of birth. The year of birth is the

- a. Unable to determine
- b. dependent variable
- c. independent variable
- d. None of the above

Ans - c

.....

When the is in control, people behave in a thinking, rational, calculating, factual, unemotional manner.

- a. Parent ego state
 - b. Child ego state
 - c. Adult Ego State
-

d. None of the Above

Ans - c

What percentages of the indian polulation is employed in the agriculturaal sector?

- a. 40
- b. 50
- c. 52
- d. 55

Ans - c

MSEs are included in the sector for lending

- a. priority
- b. weaker
- c. agricultyre
- d. none of the above

Ans - a

Agriculture sector contribute to the indian economy

- a. 25%
- b. 17%
- c. 52%
- d. 60%

Ans - b

which of the following is not an outcome of the process of privatization?

- a. opening of public sector to private bodies
- b. entry of private firms in areas reserved for public sector
- c. moving away from democracy
- d. converting public sector to private sector

Ans - c

From the following information, calculate...

Inventory in the beginning = 18,000
Inventory at the end = 22,000
Net purchases = 46,000
Wages = 14,000
Revenue from operations = 80,000
Carriage inwards = 4,000

1. Cost of Revenue from Operations

- a. Rs. 20,000
- b. Rs. 40,000
- c. Rs. 60,000
- d. Rs. 80,000

Ans - c

2. Average Inventory

- a. Rs. 20,000
- b. Rs. 40,000
- c. Rs. 60,000
- d. Rs. 80,000

Ans - a

3. Inventory Turnover Ratio

- a. 1 Time
- b. 2 Times
- c. 3 Times
- d. 4 Times

Ans - c

Solution:

1. c

Cost of Revenue from Operations = Inventory in the beginning + Net Purchases + Wages + Carriage inwards – Inventory at the end
= Rs. 18,000 + Rs. 46,000 + Rs. 14,000 + Rs. 4,000 – Rs. 22,000
= Rs. 60,000

2. a

$$\begin{aligned} \text{Average Inventory} &= (\text{Inventory in the beginning} + \text{Inventory at the end}) / 2 \\ &= (\text{Rs. } 18,000 + \text{Rs. } 22,000) / 2 \\ &= \text{Rs. } 20,000 \end{aligned}$$

3. c

$$\begin{aligned} \text{Inventory Turnover Ratio} &= \text{Cost of Revenue from Operations} / \text{Average Inventory} \\ &= \text{Rs. } 60,000 / \text{Rs. } 20,000 \\ &= 3 \text{ Times} \end{aligned}$$

A manager have line or staff authority is determined by

- a. person in charge
- b. Name of person in charge
- c. type of department
- d. nature of relationship

Ans - d

During a recession, the unemployment rate tends to

- a. understate the actual amount of unemployment
- b. overstate the actual amount of unemployment
- c. properly estimate the actual amount of unemployment
- d. any of the above

Ans - a

The following is (are) the key components of a business process Re-engineering programme? (i) Product development, (ii) Service delivery, (iii) Customer satisfaction

- a. Only (i) and (ii)
- b. Only (i) and (iii)
- c. Only (ii) and (iii)
- d. (i), (ii) and (iii)

Ans - d

From the following about firm 'X' (Rs.in thousand),

Sales - 500
Opening stock - 30
Closing stock - 20
Purchase of intermediate products - 300
Purchase of machinery - 150
Subsidy - 40

Calculate Gross Value Added at Factor Cost

- a. 190 thousand
- b. 230 thousand
- c. 270 thousand
- d. 280 thousand

Ans - b

Explanation :

Gross Value Added at Factor Cost = Sales + Change in stock (Closing stock – Opening stock) + Subsidy – Purchase of intermediate products
= Rs. 500 thousand + (Rs. 20 thousand – Rs. 30 thousand) + Rs. 40 thousand – Rs. 300 thousand
= Rs. 500 thousand – Rs. 10 thousand + Rs. 40 thousand – Rs. 300 thousand
= Rs. 230 thousand

A manufacturer produces 5000 units of products annually. The marginal cost of each product is Rs. 30000 and the product is sold for Rs. 40000. Fixed cost incurred by the company is Rs. 15,00,000 annually

Calculate

1. P/V Ratio

- a. 20 percent
- b. 23 percent
- c. 25 percent
- d. 28 percent

2. Break-even point in terms of output

- a. 100 Units
 - b. 125 Units
-

- c. 150 Units
- d. 175 Units

3. Break-even point in terms of sales value

- a. Rs. 30,00,000
- b. Rs. 40,00,000
- c. Rs. 50,00,000
- d. Rs. 60,00,000

Ans : 1-c, 2-c, 3-d

Solution:

1. Contribution per unit = Sales – Variable cost
= Rs. 40000 – Rs. 30000 = Rs. 10000
P/V Ratio = Contribution / Sales x 100
= 10000/40000 x 100
= 25%

2. Break-even point (in units) = Fixed cost / Contribution per unit
= 15,00,000 / 10,000 = 150 units

3. Break-even point (in Rs.) = Break-even point x selling price per unit
= 150 x 40000 = 60,00,000

From the following about firm 'Y' (Rs.in thousand),

Sales - 300
Depreciation - 20
Net indirect taxes - 30
Purchase of intermediate products - 150
Change in stock - (-)10
Purchase of machinery - 100

Calculate Net Value Added at Market Price

- a. 120 thousand
- b. 140 thousand
- c. 160 thousand
- d. 170 thousand

Ans - a

Explanation :

Net Value Added at Market Price = Sales + Change in stock – Purchase of intermediate products – Depreciation

= Rs. 300 thousand + (-) Rs. 10 thousand - Rs. 150 thousand - Rs. 20 thousand = Rs. 120 thousand

WAB's Refers to

- a. Weighted allotment blanks
- b. Weighted application blanks
- c. Weighted average blanks
- d. Weighted assimilation blanks

Ans - b

Human resource policies are

- a. Mitigate the company's risk of liability
- b. Increase the benefit
- c. Reduce the labour turnover
- d. None of the above

Ans - a

Systematic method of determining value / worth of a job is

- a. Job description
- b. Job design
- c. Job evaluation
- d. Job simplification

Ans - c

The systems model of training contains three phases, training and development, and evaluation.

- a. Preparation
- b. Assessment
- c. Introduction
- d. Organizing

Ans - b

Manager represents his organization or unit while interacting with outsiders is called as

- a. Disseminator role
- b. Spokes person
- c. Resource allocator
- d. Entrepreneur role

Ans - b

Trading and P&L Account of ABC Ltd. for the year ending 31-3-2018 is given below

To Opening Stock - 76,250
To Purchases - 3,15,250
To Wages - 5,000
To Carriage and Freight - 2,000
To Gross Profit b/d - 2,00,000
Total - 5,98,500

To Administration expenses - 1,01,000
To Selling and Dist. Expenses - 12,000
To Non-operating expenses - 2,000
To Financial Expenses - 7,000
To Net Profit c/d - 84,000
Total - 2,06,000

By Sales - 5,00,000
By Closing stock - 98,500
Total - 5,98,500

By Gross Profit b/d - 2,00,000
By Non-operating incomes:
By Dividend on shares - 3,750
By Interest on Securities - 1,500
By Profit on sale of shares - 750
Total - 2,06,000

Calculate the following

1. Gross Profit Ratio

- a. 30 percent
 - b. 35 percent
 - c. 40 percent
-

d. 45 percent

2. Expenses Ratio

- a. 22.60 percent
- b. 24.60 percent
- c. 26.20 percent
- d. 28.40 percent

3. Operating Ratio

- a. 68.60 percent
- b. 82.60 percent
- c. 86.20 percent
- d. 89.60 percent

4. Net Profit Ratio

- a. 15.80 percent
- b. 16.80 percent
- c. 17.80 percent
- d. 18.80 percent

5. Operating Profit Ratio

- a. 14.70 percent
- b. 17.40 percent
- c. 16.80 percent
- d. 18.60 percent

6. Stock Turnover Ratio

- a. 3.43 times
- b. 4.34 times
- c. 5.63 times
- d. 6.53 times

Ans : 1-c, 2-a, 3-b, 4-b, 5-b, 6-a

Solution:

$$\begin{aligned} 1. \text{Gross Profit Margin} &= \text{Gross profit} / \text{Sales} \times 100 \\ &= 2,00,000 / 5,00,000 \times 100 \\ &= 40\% \end{aligned}$$

2. Expenses Ratio = Op. Expenses / Net Sales X 100
= 1,13,000 / 5,00,000 X 100
= 22.60%

3. Operating Ratio = (Cost of goods sold + Op. Expenses) / Net Sales X 100
Cost of Goods sold = Op. stock + purchases + carriage and Freight + wages – Closing Stock
= 76250 + 315250 + 2000 + 5000 - 98500
= Rs.3,00,000
Operating Ratio = (3,00,000 + 1,13,000) / 5,00,000 X 100
= 4,13,000 / 5,00,000 X 100
= 82.60%

4. Net Profit Ratio = Net Profit / Net Sales X 100
= 84,000 / 5,00,000 X 100
= 16.80%

5. Operating Profit Ratio = Op. Profit / Net Sales X 100
Operating profit = Net sales - (Cost of goods sold + Administrative and office expenses + Selling and distribution exp.)
= 5,00,000 - (3,00,000 + 1,01,000 + 12,000)
= 5,00,000 - 4,13,000
= 87,000
Operating Profit Ratio = 87,000 / 5,00,000 X 100
= 17.40%

6. Stock Turnover Ratio = Cost of goods sold / Average Stock
Cost of goods sold = 3,00,000
Average Stock = (Opening Stock + Closing stock) / 2
= (76,250 + 98,500) / 2
= 174,750 / 2
= 87,375
Stock Turnover Ratio = 3,00,000 / 87,375
= 3.43 times

When expectation about a persons role in the group contradict one another, it becomes?

- a. Down Ward Conflict
- b. Up Ward Conflict
- c. Role Conflict
- d. Role Ambiquity

Ans - c

Given the following data (Rs. in Arab) about a government budget

Capital Receipts Net of Borrowings - 320
Revenue Expenditure - 380
Interest Payments - 20
Revenue Receipts - 240
Capital Expenditure - 400

1. Find out the Revenue deficit

- a. Rs. 120 Arab
- b. Rs. 140 Arab
- c. Rs. 200 Arab
- d. Rs. 220 Arab

Ans - b

2. Find out the Fiscal deficit

- a. Rs. 120 Arab
- b. Rs. 140 Arab
- c. Rs. 200 Arab
- d. Rs. 220 Arab

Ans - d

3. Find out the Primary deficit

- a. Rs. 120 Arab
- b. Rs. 140 Arab
- c. Rs. 200 Arab
- d. Rs. 220 Arab

Ans - c

Solution

1. Revenue Deficit = Revenue Expenditure – Revenue Receipts
= 380 - 240
= Rs. 140 Arab

2. Fiscal Deficit = [Revenue Expenditure + Capital Expenditure] – [Revenue Receipt + Capital Receipt Net of Borrowing]
= (380 + 400) - (240 + 320)

= 780 - 560
= Rs. 220 Arab

3. Primary Deficit = Fiscal Deficit – Interest Payments
= 220 - 20
= Rs. 200 Arab

..... is involving with the shifting of an employee from one job to another

- a. promotion
- b. Transfer
- c. Increment
- d. All the above

Ans - a

The process of efficiently achieving the objectives of the organisation with and through people

- a. Management
- b. Administration
- c. Decision Making
- d. Controlling

Ans - a

..... deals with the contents & characteristics of each job

- a. job analysis
- b. Job rating
- c. Job evaluation
- d. Job description

Ans - a

The role in which a manager lead his subordinates and motivating them for willing cooperation is called as

- a. Monitoring role
 - b. Disseminator role
 - c. Entrepreneur role
-

d. Leader role

Ans - d

.....

The process of identification of different sources of personnel is

- a. training
- b. selection
- c. Development
- d. Recruitment

Ans - d

.....

Given,

Recoveries of loan and advance - Rs. 3500 Crores
Misc capital receipt - Rs. 1000 Crores
Market loans - Rs. 1000 Crores
Short term borrowings - Rs. 2500 Crores
External assistance (Net) - Rs. 750 Crores
State provident fund - Rs. 1000 Crores
Other receipts (Net) - Rs. 2200 Crores
Securities issued against small savings - Rs. 1200 Crores
Recoveries of short term loans and advances from states and loans to govt servants - Rs. 1750 Crores
Total Non Tax Revenue - Rs. 7500 Crores
Net Tax Revenue - Rs. 3500 Crores
Draw down cash balance - Rs. 7000 Crores

1. Calculate Debt Receipt ...

- a. Rs. 2750 Crores
- b. Rs. 5400 Crores
- c. Rs. 8650 Crores
- d. Rs. 11400 Crores

Ans - c

.....

2. Calculate Non-Debt Receipt ...

- a. Rs. 2750 Crores
 - b. Rs. 5400 Crores
-

- c. Rs. 8650 Crores
- d. Rs. 11400 Crores

Ans - a

3. Calculate Capital Receipt ...

- a. Rs. 2750 Crores
- b. Rs. 5400 Crores
- c. Rs. 8650 Crores
- d. Rs. 11400 Crores

Ans - d

Solution :

1. Debt Receipt = Market Loans + Short Term Borrowings + External assistance(NET) + Securities issued against Small savings + State provident fund + other Receipts(Net)

$$= 1000 + 2500 + 750 + 1200 + 1000 + 2200$$
$$= 8650 \text{ Crores}$$

2. Non Debt Receipt = Recoveries of loan & advances (deduct recoveries of short term loans & advance from state and loans to govt servants) + MISC Capital receipts

$$= 3500 - 1750 + 1000$$
$$= 2750 \text{ Crores}$$

3. Capital Receipt = Debt Receipt + Non Debt Receipt

$$= 8650 + 2750$$
$$= 11400 \text{ Crores}$$

The anxiety a person experiences when two sets of knowledge are contradictory or incongruent lead to

- a. Cognitive Dissonance
- b. Negative Attitude
- c. Stress
- d. Perception disorder

Ans - a

Informing vacancies of employees internally

- a. Advertising
- b. Internal Advertising
- c. External Advertising
- d. Modelling

Ans - b

.....

Employees hired for limited time to a specific job

- a. Permanent employees
- b. Temporary employees
- c. Contract employees
- d. Employee hiring

Ans - b

.....

The need assessment is to determine priorities

- a. Allocate Resources
- b. Relationship Building
- c. Behaviour identification
- d. None of the above

Ans - a

.....

The clearer the line of authority will be the clearer

- a. The organizational function
- b. The responsibility for decision making
- c. Strategic action for future
- d. None of the above

Ans - b

.....

Manpower planning provides essential information for Personnel function

- a. Organization policy
 - b. Strategic decision
-

- c. Designing and implementation
- d. Achieving the mission

Ans - c

.....

..... is all about the way of individual behaviours

- a. Rewards & awards
- b. Motivation
- c. Wages & salaries
- d. Labour unions

Ans - b

.....

Intrinsic factors are

- a. Driven to excel and fear of failure
- b. Money and valuation time
- c. Maturity leave
- d. None of the above

Ans - a

.....

Which test is conducted to measure the likes, dislikes & habits?

- a. Vocational test
- b. Temperament test
- c. Skills test
- d. Interest test

Ans - c

.....

An organization may choose to do all of the following to motivate a plateaued worker, except

- a. Lateral moves
- b. Promotion
- c. Temporary assignments
- d. Committee assignments

Ans - b

.....

From the following data (Rs. in Crores),

Net Domestic capital formation - 500
Compensation of employees - 1850
Consumption of fixed capital (Depreciation) - 100
Govt. Final Expenditure - 1100
Private Final consumption Expenditure - 2600
Rent - 400
Dividend - 200
Interest - 500
Net Exports - (-) 100
Undistributed Profits - 900
Net Factor Income From Abroad (income from abroad – income to abroad) - (-) 50
Net Indirect Taxes (indirect Tax – Subsidy) - 250

1. Calculate GNP at factor cost by Income Method

- a. Rs. 1100 Crores
- b. Rs. 2600 Crores
- c. Rs. 3900 Crores
- d. Rs. 5200 Crores

Ans - c

2. Calculate GNP at factor cost by Expenditure Method

- a. Rs. 1100 Crores
- b. Rs. 2600 Crores
- c. Rs. 3900 Crores
- d. Rs. 5200 Crores

Ans - c

Solution :

1. Income Method

$$\text{GNPFC} = (\text{Compensation of employees} + \text{Rent} + \text{Interest} + \text{Undistributed Profits} + \text{Dividend}) + \text{Net Factor Income from Abroad} + \text{Consumption of fixed capital}$$
$$= 1850 + (400 + 500 + 900 + 200) + (-) 50 + 100$$
$$= 3900 \text{ Crore}$$

Note:

o $\text{GNPFC} = \text{NNPFC} + \text{Consumption of fixed capital}$

o $\text{NNPFC or National Income} = \text{Compensation of employees} + \text{Rent} + \text{Interest} + \text{Undistributed Profits} + \text{Dividend} + \text{Net Factor Income from Abroad}$

o Compensation of employees is income from work which includes wages and salaries in kind and cash, and contribution to social securities

2. Expenditure Method

GNPFC = GNPMP - Net Indirect Taxes

Private Final consumption Expenditure + (Net Domestic capital formation + consumption of fixed capital) + Govt. Final consumption Expenditure + Net Exports + Net Factor Income from Abroad - Net Indirect Taxes

$$= 1100 + 2600 + (500 + 100) + (-) 100 + (-) 50 - 250$$
$$= 3900 \text{ Crore}$$

Note

o GNPMP = Private Final consumption Expenditure + Gross Domestic capital formation + Govt. Final consumption Expenditure + Net Export + Net Factor Income from Abroad

o Gross Domestic capital formation = Net Domestic capital formation + Consumption of fixed capital)

o Export – Import = Net Export

o Net Factor Income from Abroad = Factor Income from Abroad – Factor Income Paid to Abroad

o GNPFC = GNPMP - Indirect tax + Subsidy

= GNPMP - (Indirect tax – subsidy)

= GNPMP - Net Indirect tax

Example of instinct theory of motivation

- a. Satisfaction test
- b. Seasonal migration
- c. Survivability test
- d. All the above

Ans - b

An activity carried out for a specific purpose

- a. Duty
- b. Job
- c. Task
- d. Code

Ans - c

Given the following data (Rs. in crore)

- a. Gross national product at factor cost - 6,150
- b. Net exports - (-)50
- c. Compensation of employees - 3,000
- d. Rent - 800
- e. Interest - 900
- f. Undistributed Profit - 1,300
- g. Net indirect taxes - 300
- h. Net domestic capital formation - 800
- i. Gross fixed capital formation - 850
- j. Change in stock - 50
- k. Dividend - 300
- l. Factor income to abroad - 80

1. Calculate Net Domestic Product at factor cost

- a. Rs. 5200 Crores
- b. Rs. 6300 Crores
- c. Rs. 6700 Crores
- d. Rs. 7200 Crores

Ans - b

2. Gross Domestic Product at Market Price

- a. Rs. 5200 Crores
- b. Rs. 6300 Crores
- c. Rs. 6700 Crores
- d. Rs. 7200 Crores

Ans - c

Solution:

1. NDP at factor cost = Compensation of employees + Rent + Interest + Undistributed Profit + Dividend + Mixed income

= Rs 3,000 crore + Rs 800 crore + Rs 900 crore + Rs 1,300 crore + Rs 300 crore

= Rs 6,300 crore

2. Gross Domestic Product at Market Price = NDP at factor cost + Net Indirect taxes + Consumption of fixed capital (depreciation)

= Rs 6,300 crore + Rs 300 crore + (Rs 850 crore + Rs 50 crore - Rs 800 crore)

= Rs 6,300 crore + Rs 300 crore + Rs 100 crore

= Rs 6,700 crore

.....
Note: Consumption of fixed capital (depreciation) = Gross fixed capital formation + Change in stock – Net domestic capital formation
.....

The effect of on the emergence of aggressive behavior patterns is as yet up proven

- a. Environmental factors
- b. Genetics
- c. Ethological Factors
- d. Hormones

Ans - c
.....

Enriching jobs creates

- a. Halo effect
- b. Snowball effect
- c. negative effect
- d. positive effect

Ans - b
.....

..... training seeks to adjust newly appointed employees to the work environment

- a. Production
- b. Induction
- c. Safety
- d. Refresher

Ans - b
.....

The ratio of an organisation's outputs to inputs

- a. Productivity
- b. Re engineering
- c. Achievement
- d. In tegration

Ans - a
.....
.....

Rotation is otherwise called as

- a. replacement transfer
- b. shift transfer
- c. versatility transfer
- d. remedial transfer

Ans - c

..... is the tendency of highly cohesive groups to value consensus at the price of decision quality

- a. Group think
- b. Group process
- c. Group norm
- d. Group development

Ans - a

From the updated HR information storage system the following can be analysed

- a. No of employees
- b. Employees capacity
- c. Performance and potential
- d. All the above

Ans - d

The HR required at different positions according to their to the estimated

- a. Department profile
- b. Personal profile
- c. Company profile
- d. Job profile

Ans - d

Grievances affect the employees.....

- a. Promotion
 - b. Training
-

- c. Wages
- d. Morale

Ans - d

.....

..... is useful for overall management of all personal activities

- a. Job analysis
- b. HR planning
- c. HR system
- d. None of the above

Ans - a

.....

..... is a formal & detailed study of jobs

- a. Job enrichment
- b. Job evaluation
- c. Job classification
- d. Job analysis

Ans - d

.....

Sons of soil claim means

- a. Recruitment from sister concern
- b. Selection by promotion
- c. Suitable hands in vicinity of organization
- d. selection by recommendation

Ans - c

.....

The basic purpose of a procedure is

- a. To identify the work
- b. To understand the task
- c. To spell out clearly the way
- d. To execute the work

Ans - c

.....

From the following data,

Sales - Rs. 11000
Change in stock - Rs. 680
Intermediate Consumption - Rs. 2370
Depreciation - Rs. 450
Wages and salaries - Rs. 5400
Interest - Rs. 250
Rent - Rs. 750
Profit - Rs. 2150
Net indirect Taxes - Rs. 310
Students scholarship - Rs 75

1. Calculate the net value added at factor cost

- a. Rs. 5250 Crores
- b. Rs. 6500 Crores
- c. Rs. 7250 Crores
- d. Rs. 8550 Crores

Ans - d

2. Calculate the Sum of Factor Incomes

- a. Rs. 5250 Crores
- b. Rs. 6500 Crores
- c. Rs. 7250 Crores
- d. Rs. 8550 Crores

Ans - d

Solution :

1. Net Value added at Factor Cost = Sales + increase in stock – Intermediate Consumption – Depreciation
- Net Indirect Taxes
= 11000 + 680 - 2370 - 450 - 310
= Rs. 8550

2. Sum of Factor Incomes = Wages & salaries + Interest + Rent + Profit
= 5400 + 250 + 750 + 2150
= Rs 8550

Hence shown, Net Value added at Factor Cost = Sum of Factor Incomes = Rs 8550

Halo Effect is related with

- a. performance appraisal
- b. wage & salary administration
- c. selection
- d. transfer

Ans - c

The physical environment of a job is

- a. Working condition
- b. Economic condition
- c. Social condition
- d. Political condition

Ans - a

Psyche means

- a. Biology
- b. Spirit
- c. Behaviour
- d. Attitude

Ans - b

Employees Learn in Real working environment is

- a. Subordinate training
- b. On the job training
- c. off the job training
- d. All the above

Ans - b

..... is the person in an organisation can offer more support

- a. Mentor
 - b. Supervisor
-

- c. Manager
- d. Superior

Ans - a

.....

The personnel management employees get based on job evaluations

- a. Promotion
- b. Transfer
- c. Uniform rewards
- d. Incentives

Ans - c

.....

Collective bargaining is an action of

- a. An individual
- b. Manager
- c. State
- d. Group

Ans - d

.....

..... involves implementation of the human resources action plan

- a. Forecasting demand and supply of HR
- b. Monitoring, control and feedback
- c. Formulating the HR active plan
- d. estimating manpower gaps

Ans - b

.....

The First step in Need Assessment

- a. Data Gathering and Analysis
- b. Utilisation of information
- c. Exploration and Identification
- d. Evaluation and Control

Ans - c

.....

What are all the three basic compensation strategies?

- a. Retain, educate and motivate the employee
- b. Complaiance, relationship, understand the unions
- c. Secure, Satisfy and mitigate the jobs for employees
- d. Market leader, competitive with market and below market

Ans - d

An organization structure which is composed of

- a. Top management and middle maagement
- b. Middle and operation
- c. Line and staff people
- d. None of them

Ans - c

The main changes required in labour competencies

- a. Economical
- b. Technical
- c. Political
- d. Socio cultural

Ans - b

..... is the recognition and valorization of individual differences

- a. Diversity management
- b. Global HR management
- c. International labour man agement
- d. All the above

Ans - a

Under which role the manager does perform activities which are of ceremonial and symbolic nature

- a. Liason role
 - b. Leaders role
-

- c. Figure head role
- d. spokes person role

Ans - c

A written statement of what the job holder does

- a. Job description
- b. Job cycle
- c. Job seeking
- d. Job sharing

Ans - a

..... is the device used for collecting information from candidates

- a. Application Blank
- b. Bio-data of candidate
- c. Interview
- d. None of the above

Ans - a

Sensitive Training is also known as

- a. In Basket Training
- b. Role Playing
- c. Case Study
- d. Laboratory / T Group Training

Ans - d

Which is the scientific method in accumulating knowledge about mans social behavior?

- a. Anthropology
- b. Social work
- c. Sociology
- d. Psychology

Ans - c

From the following data (Rupees in Crores) calculate

Gross national product at factor cost - 6,150
Net exports - (-)50
Compensation of employees - 3000
Rent - 800
Interest - 900
Profit - 1,300
Net indirect taxes - 300
Net domestic capital formation - 800
Gross domestic capital formation - 900
Factor income to abroad - 80

1. Gross Domestic Product at Factor Cost

- a. Rs. 5200 Crores
- b. Rs. 6100 Crores
- c. Rs. 6400 Crores
- d. Rs. 6700 Crores

Ans - b

2. Gross Domestic Product at Market price

- a. Rs. 5200 Crores
- b. Rs. 6100 Crores
- c. Rs. 6400 Crores
- d. Rs. 6700 Crores

Ans - c

Solution :

1. GDP at factor cost

= NDP at factor cost + Depreciation

= Compensation of employees+ Rent+ Interest+ Profit +Mixed income+ (Gross domestic capital formation - Net domestic capital formation)

= =Rs 3,000crore + Rs 800 crore + Rs 900 crore + Rs 1,300 crore + (Rs 900 crore - Rs 800 crore)

= Rs 6100 crores

2. Gross Domestic Product at Market Price

= GDP at factor cost + Net Indirect taxes

= Rs 6100 + Rs300 crore

= Rs 6400 crore

Given the following information

Paid up capital - 1,50,000
Plant and Machinery - 4,50,000
Total Sales (p.a.) - 25,00,000
Gross Profit - 20%
Annual Credit Sales - 75% of net sales
Current Ratio - 2
Inventory Turnover - 3
Fixed Assets Turnover - 2
Sales Returns - 10% of sales
Average collection period - 73 days
Cash to Inventory - 1 : 10
Total debt to current Liabilities - 3

Calculate the following

1. Net Sales

- a. Rs. 16,87,500
- b. Rs. 18,00,000
- c. Rs. 21,22,500
- d. Rs. 22,50,000

2. Credit Sales

- a. Rs. 16,87,500
- b. Rs. 18,00,000
- c. Rs. 21,22,500
- d. Rs. 22,50,000

3. Gross Profit

- a. Rs. 3,37,500
- b. Rs. 4,50,000
- c. Rs. 4,98,750
- d. Rs. 6,00,000

4. Cost of Goods Sold

- a. Rs. 16,87,500
 - b. Rs. 18,00,000
 - c. Rs. 21,22,500
 - d. Rs. 22,50,000
-

5. Inventory

- a. Rs. 3,37,500
- b. Rs. 4,50,000
- c. Rs. 4,98,750
- d. Rs. 6,00,000

6. Receivable Turnover

- a. 3
- b. 4
- c. 5
- d. 6

7. Receivable

- a. Rs. 3,37,500
- b. Rs. 4,50,000
- c. Rs. 4,98,750
- d. Rs. 6,00,000

8. Cash

- a. Rs. 37,500
- b. Rs. 50,000
- c. Rs. 57,750
- d. Rs. 60,000

9. Total Current Assets

- a. Rs. 6,75,000
- b. Rs. 9,97,500
- c. Rs. 11,25,000
- d. Rs. 14,96,250

10. Total Current Liabilities

- a. Rs. 3,37,500
- b. Rs. 4,50,000
- c. Rs. 4,98,750
- d. Rs. 6,00,000

11. Total Debt

- a. Rs. 6,75,000
- b. Rs. 9,97,500
- c. Rs. 11,25,000
- d. Rs. 14,96,250

12. Long term debt

- a. Rs. 6,75,000
- b. Rs. 9,97,500
- c. Rs. 11,25,000
- d. Rs. 14,96,250

13. Fixed Assets

- a. Rs. 6,75,000
- b. Rs. 9,97,500
- c. Rs. 11,25,000
- d. Rs. 14,96,250

14. Other fixed Assets

- a. Rs. 6,75,000
- b. Rs. 9,97,500
- c. Rs. 11,25,000
- d. Rs. 14,96,250

15. Total Assets

- a. Rs. 16,87,500
- b. Rs. 18,00,000
- c. Rs. 21,22,500
- d. Rs. 22,50,000

16. Net worth

- a. Rs. 6,26,250
- b. Rs. 6,75,250
- c. Rs. 7,25,500
- d. Rs. 9,97,500

17. Reserves & Surplus

- a. Rs. 4,37,500
- b. Rs. 4,50,250
- c. Rs. 4,76,250
- d. Rs. 6,00,500

Ans : 1-d, 2-a, 3-b, 4-b, 5-d, 6-c, 7-a, 8-d, 9-b, 10-c, 11-d, 12-b, 13-c, 14-a, 15-c, 16-a, 17-c

Solution:

1. Net Sales = Total Sales - Sales Return
= 25,00,000 - (25,00,000 * 10%)
= 25,00,000 - 2,50,000
= Rs. 22,50,000

2. Credit Sales = 75% of Net Sales
= 22,50,000 x 75%
= Rs. 16,87,500

3. Gross Profit = 20% of Net sales
= 22,50,000 x 20%
= Rs. 4,50,000

4. Cost of Goods Sold = Net Sales - Gross Profit
= 22,50,000 - 4,50,000
= Rs. 18,00,000

5. Inventory = Cost of Goods Sold / Inventory Turnover
= 18,00,000 / 3
= Rs. 6,00,000

6. Receivable Turnover = 365 / 73
= 5

7. Receivables = Credit Sales / Receivables Turnover
= 16,87,500 / 5
= Rs. 3,37,500

8. Cash = 1/10 of Inventory
= 1/10 x 6,00,000
= Rs. 60,000

9. Total Current Assets = Inventory + Receivables + Cash

$$= 6,00,000 + 3,37,500 + 60,000$$
$$= \text{Rs. } 9,97,500$$

$$10. \text{ Total Current Liabilities} = \text{Current Assets} / 2$$
$$= 9,97,500 / 2$$
$$= \text{Rs. } 4,98,750$$

$$11. \text{ Total Debt} = \text{Current Liabilities} \times 3$$
$$= 4,98,750 \times 3$$
$$= \text{Rs. } 14,96,250$$

$$12. \text{ Long term debt} = \text{Total Debt} - \text{Current Liabilities}$$
$$= 14,96,250 - 4,98,750$$
$$= \text{Rs. } 9,97,500$$

$$13. \text{ Fixed Assets} = 1/2 \text{ of Net Sales}$$
$$= 1/2 \times 22,50,000$$
$$= \text{Rs. } 11,25,000$$

$$14. \text{ Other fixed Assets} = \text{Fixed Assets} - \text{Plant \& Machinery}$$
$$= 11,25,000 - 4,50,000$$
$$= \text{Rs. } 6,75,000$$

$$15. \text{ Total Assets} = \text{Fixed Assets} + \text{Current Assets}$$
$$= 11,25,000 + 9,97,500$$
$$= 21,22,500$$

$$16. \text{ Net worth} = \text{Total Assets} - \text{Total Debt}$$
$$= 21,22,500 - 14,96,250$$
$$= \text{Rs. } 6,26,250$$

$$17. \text{ Reserves \& Surplus} = \text{Net worth} - \text{Paid Up capital}$$
$$= 6,26,250 - 1,50,000$$
$$= \text{Rs. } 4,76,250$$

Important Formulas

Some of these Formulas may not be applicable for ABM, but I request all of you to go through all of them to understand the concepts clear for both ABM and BFM.

1. Raw material Turnover Ratio = Cost of RM used / Average stock of R M
2. SIP Turnover = Cost of Goods manufactured / Average stock of SIP
3. Debt Collection period = No. days or months or Weeks in a year/Debt Turnover Ratio.
4. Average Payment Period = No. days or months or Weeks in a year/Creditors Turnover Ratio.
5. Inventory Turnover Ratio = Cost of Goods Sold / Average Inventory.
6. Debtors Turnover Ratio = Net Credit Sales / Average Debtors.
7. Creditors Turnover Ratio = Net Credit Purchases / Average Credits.
8. Defensive Interval Ratio = Liquid Assets / Projected Daily Cash Requirement
9. Projected daily cash requirement = Projected operating cash expenses / 365.
10. Debt Equity Ratio = Long Term Debt / Equity.
11. Debt Equity Ratio = Total outside Liability / Tangible Net Worth.
12. Debt to Total Capital Ratio = Total Debts or Total Assets/(Permanent Capital + Current Liabilities)
13. Interest Coverage Ratio = EBIT / Interest.
14. Dividend Coverage Ratio = N. P. after Interest & Tax / Preferential dividend
15. Gross Profit Margin = Gross Profit / Net Sales * 100
16. Net Profit Margin = Net Profit / Net Sales * 100
17. Cost of Goods Sold Ratio = Cost of Goods Sold / Net Sales * 100.
18. Operating Profit Ratio = Earnings Before Interest Tax / Net Sales * 100
19. Expenses Ratio or Operating Ratio = Expenses / Net Sales * 100

20. Net Profit Ratio = Net Profit After interest and Tax / Net Sales * 100
 21. Operating Expenses Ratio = (Administrative + Selling expenses) / Net Sales * 100
 22. Administrative Expenses Ratio =(Administrative Expenses / Net Sales) * 100
 23. Selling Expenses Ratio =(Selling Expenses / Net Sales) * 100
 24. Financial Expenses Ratio = (Financial Expenses / Net Sales) * 100
 25. Return on Assets = Net Profit After Tax / Total Assets.
 26. Total Assets = Net Fixed Assets + Net Working Capital.
 27. Net Fixed Assets = Total Fixed Assets – Accumulated Depreciation.
 28. Net Working Capital = (CA –CL) – (Intangible Assets + Fictitious Assets + Idle Stock + Bad Debts)
 29. Return on Capital Employed = Net Profit Before Interest and Tax / Average Capital Employed.
 30. Average Capital employed = Equity Capital + Long Term Funds provided by Owners & Creditors at the beginning & at the end of the accounting period divided by two.
 31. Return on Ordinary Share Holders Equity = (NPAT – Preferential Dividends) / Average Ordinary Share Holders Equity or Net Worth.
 32. Earnings Per Share = Net Profit After Taxes and Preferential dividends / Number of Equity Share.
 33. Dividend per Share = Net Profit After Taxes and distributable dividend / Number of Equity Shares.
 34. Dividend Pay Out Ratio = Dividend per Equity Share / Earnings per Equity Share.
 35. Dividend Pay Out Ratio = Dividend paid to Equity Share holders / Net Profit available for Equity Share Holders.
 36. Price Earning Ratio = Market Price per equity Share / Earning per Share.
 37. Total Asset Turnover = Cost of Goods Sold / Average Total Assets.
 38. Fixed Asset Turnover = Cost of Goods Sold / Average Fixed Assets.
 39. Capital Turnover = Cost of Goods Sold / Average Capital employed.
 40. Current Asset Turnover = Cost of Goods Sold / Average Current Assets.
-

41. Working Capital Turnover = Cost of Goods Sold / Net Working Capital.
 42. Return on Net Worth = (Net Profit / Net Worth) * 100
 43. DSCR = Profit after Tax & Depreciation + Int. on T L & Differed Credit + Lease Rentals if any divided by Repayment of Interest & Installments on T L & Differed Credits + Lease Rentals if any.
 44. Factory Cost = Prime cost + Production Overheads.
 45. Cost of Goods Sold = Factory Cost + Selling, distribution & administrative overheads
 46. Contribution = Sales – Marginal Costs.
 47. Percentage of contribution to sales = (Contribution / Sales) * 100
 48. Break Even Analysis = $F / (1 - VC / S)$
F = Fixed costs, VC = Total variable operating costs & S = Total sales revenue
 49. Break Even Margin or Margin of Safety = Sales – Break Even Point / Sales.
 50. Cash Break Even = $F - N / P - R$ or $F - N / 1 - (VC / S)$
 51. BEP = Fixed Costs / Contribution per unit.
 52. Sales volume requires = Fixed cost + Required profit / Contribution per unit.
 53. BEP in Sales = (Fixed Costs / Contribution per unit) * Price per unit.
 54. Contribution Sales Ratio = (Contribution per unit / Sale price per unit) * 100
 55. Level of sales to result in target profit after Tax = (Target Profit) / (1 – Tax rate / Contribution per unit)
 56. Level of sales to result in target profit = (Fixed Cost + Target profit) * sales price per unit Contribution per unit.
 57. Net Present Value = $- Co + C1 / (1 + r)$
 58. Future expected value of a present cash flow = Cash Flow $(1 + r) ^ t$
 59. Present value of a simple future cash flow = Cash Flow / $(1 + r) ^ t$
 60. The Discount Factor = $1 / (1 + r) ^ t$
-

61. Notation used internationally for PV of an annuity is $PV (A, r, n)$
62. Notation used internationally for FV of an annuity is $FV (A, r, n)$
63. The effective annual rate = $(1 + r) ^ t - 1$ or $(1 + (r / N)) - 1$
N = Number of times compounding in a year
64. PV of end of period Annuity = $A \{ (1 - (1 / (1 + r) ^ n)) / r$
65. CR = CA : CL
66. Net Worth = CA - CL
67. DER = TL/TNW or debt/equity or TL/equity
68. Price Elasticity of Supply = (% change in quantity supplied)/(% change in price)
69. $PV = P / R * [(1+R)^T - 1]/(1+R)^T$
70. $PV = P / (1+R)^T$
71. $FV = P * (1 + R) ^ T$
72. $FV = P * (1 - R) ^ T$
73. $FV = P / R * [(1+R)^T - 1]$
74. $FV = P / R * [(1+R)^T - 1] * (1+R)$
75. $EMI = P * R * [(1+R)^T / (1+R)^T - 1]$
76. FV of annuity = $A/r \times \{(1+r)^n - 1\}$
77. Bond Price = $(1/(1+R)^t) \{ (coupon * ((1+R)^t - 1) / R) + Face Value \}$
-

ALL THE VERY BEST FOR YOUR EXAMS

SAMPLE QUESTIONS FOR CAIIB ADVANCED BANK MANAGEMENT

Though we had taken enough care to go through the questions, we shall not be responsible for any loss or damage, resulting from any action taken on the basis of the contents. We advise everyone to update yourself with the latest information through RBI website and other authenticated sources. In case you find any incorrect/doubtful information, kindly update us also (along with the source link/reference for the correct information) as lot of questions were shared by many people.

October 2019

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