

1961

Paper 2

Section A
Economics & Business Fundamentals

101. The Economics is a social science, therefore:

- A. It must be based on positive facts only
- B. It must be completely free from the value judgements
- C. It must always be neutral between the ends
- D. It cannot be value free-for a value free social science will lose much of its utility

102. Law of diminishing marginal utility means:

- A. Addition to the total utility keeps declining as we consume more and more of the same commodity
- B. It is futile to seek to maximize satisfaction
- C. An economist will always confuse people and extract maximum taxes from them
- D. One must pay small price for additional unit one buys

103. Gross elasticity of demand is responsiveness of

- A. One commodity's demand to prices of other commodities
- B. One person's demand to demands made by other persons
- C. My demand to your income
- D. One person's demand for money to the income tax rate in the society

104. The law of variable proportion is

- A. the most accurate depiction of relationship between a variable factor and level of output
- B. the proof that dependence of production on factors of production is rather arbitrary
- C. a phenomenon confined to the short run
- D. both (A) and (C) are correct

105. long run AC and MC curves are

- A. Similar to short run AC and MC respectively
- B. relatively wider compared to short run AC and MC
- C. both (A) and (B)
- D. Very unusual in shape

106. The monopolistic competition differs from perfect competition and monopoly in respect of

- A. product differentiation
- B. Non-price competition
- C. Independence of price policy

- D. all of the above
107. Super normal profit arises only when:
- A. $AR > AC$
 - B. $MC=AC$
 - C. $MV < AC$.
 - D. $MC > AC$
108. Long term equilibrium under perfect competition means:
- A. $AR=AC$ hence no profit at all
 - B. $R=MC$ hence only variable costs are covered
 - C. $AR=AC=MC=MR$, hence only normal profit
 - D. none of the above
109. Ideally speaking in the context of national income estimation:
- A. value of output=sum of income=total expenditure
 - B. value of output=difference between total cost of production and total sales proceeds
 - C. Total net value added is total revenue-total costs+taxes
 - D. Income earned=money spent for all members of the society
110. Changes in national income may not reflect changes in economic welfare accurately becauseof :
- A. Changes in distribution of income
 - B. Changes in quality of goods
 - C. effects on higher GNP on environment
 - D. each of the above
111. Malthus predicted a bleak future for human race marked by
- A. huge populations plagued by large scale starvation, malnutrition and epidemics
 - B. inability to control birth rates
 - C. inability to raise food output
 - D. each of the above
112. Full employment in Keynesian analysis means
- A. no involuntary employment
 - B. level of income which ensures that level of expenditure which is needed to sustain that income
 - C. both (A) and (B) above
 - D. None of above
113. What is Capital :
- A. a man- made factor of production
 - B. physical assets as well as human assets

- C. Capital increases productivity of labour
- D. All above

114. The society which did not have money

- A. relied on exchange of goods for goods
- B. depended on coincidence of wants of individuals
- C. both (A) and (B)
- A. Neither (A) nor (B)

115. Inflation may be caused by a number of factors but it can be called as result of

- A. cost push
- B. demand pull
- C. interaction between demand pulls and cost push
- D. government policies alone

116. Inflation is harmful because:

- A. It reduces real income of fixed income group
- B. enhances inequities in distribution of income
- C. increases speculation at the cost of real investment
- D. each of the above

117. A proper anti-inflationary policy must involve:

- A. a balanced application of monetary and fiscal policies
- B. direct measure like wage-price freeze
- C. Use of A and B above
- D. None of the above

118. In the Fisher's quantity theory of money of $MV=PT$, V represents

- A, value of money
- B. velocity of circulation of money
- C. value of all the goods and services produced in the economy
- D. an arbitrary constant

119. Which one of the following is **not** a function of commercial banks?

- A. Transfer of funds
- B. Note issue
- C. Granting loans
- D. accepting deposits

120. Open market operations of RBI includes

- A. buying and selling of foreign exchanges
- B. buying/selling of gold and bullions
- C. buying/selling of Government Securities
- D. buying/selling of shares of commercial banks

121. Activities of Industrial Finance Corporation of India do **not** include
- A. granting loans to new projects
 - B. granting loans for buying old houses to individuals
 - C. subscribing to share and debenture issues by industrial concerns
 - D. guaranteeing loans taken from capital market
122. Industrial Development Bank of India is
- A. coordinating agency for term lending Institutions
 - B. First source of finance to Private industries
 - C. source of funds for public sector only
 - D. none of above
123. NABARD
- A. gives credit to big farmers
 - B. gives money to agro-based industries
 - C. gives finance to only those firms who have their offices in rural areas
 - D. is an apex Institution for rural credit system
124. Restrictions on international trade are justified: as
- A. a country needs to nurture its infant industries
 - B. it protects employment of domestic resources
 - C. it reduces dependence on foreigners
 - D. All of the above
125. Recardo's theory of Comparative Costs is faulted for being:
- A. wrong assumption on costs
 - B. unrealistic about only two goods, two countries and factor mobility as well as perfect competition
 - C. A and B above
 - D. None of above
126. Taxes are imposed so that
- A. Public servants and rulers can enjoy at the cost of citizens
 - B. public is always kept poor
 - C. inequalities reduced and inflation reduced
 - D. people do not escape paying visits to Government offices
127. Direct taxes are better as
- A. they are progressive and re-distribute income and wealth
 - B. they do not cost much to collect and people are aware of their liabilities
 - C. both A and B
 - D. you pay once and forget about them

128. Adam Smith's cannons of Taxation are

- A. Ability to pay, certainty of amount of tax and timing, convenience of tax payer
- B. Benefits to the people must be proportionate to the tax burden
- C. Taxation is a necessary evil but must impose least aggregate sacrifice
- D. Taxes must be imposed on those who cannot avoid them

129. Fiscal policy is framed by the Government and the monetary policy by the Central Bank. Therefore,

- A. The two policies are independent
- B. The two policies are inter-dependent
- C. There must be perfect coordination between them- otherwise they will nullify each other
- D. None of the above

130. Deficit financing

- A. is easy way of funding all Government programmes with no harmful effect on any one
- B. is easy way of funding all Government programmes, but making everyone's life uneasy
- C. can generate more employment in currency printing press
- D. can make the economy financial superpower

131. Which of the following statement about sole proprietorship form of organization is correct

- A. Decision making is very complicated
- B. Business enjoys high credit standing in the market
- C. owner has unlimited liability
- D. It is difficult to wind up business

132. Out of the following statements which combination is correct

- (i) At most there can be 20 members in a banking firm and 10 members in other types of partnership firm
- (ii) A partner in profit is not allowed to take part in management
- (iii) Secret partner is liable for debts of the firm
- (iv) Registration of partnership is compulsory

- A. (i) and (iv)
- B. (ii) and (iii)
- C. (i) and (ii)
- D. All are correct

133. Which of the following statements about HUF is not correct

- A. it does not require registration
- B. Karta has limited liability whereas other members are having unlimited liability
- C. Business run by HUF is not affected by insolvency or death of karta

D. Share of each member in the family and the business fluctuates with birth or death of members

134. Which of the following statements about a joint stock company is not correct:

- A. Company is an artificial person
- B. Members are free to transfer their shares
- C. Members have unlimited liability
- C. Accounts of the company must be audited

135. Organization that is floated to accelerate economic growth and ensure balanced regional development is labelled as

- A. Partnership
- B. State enterprise
- C. Corporate Society
- D. Cooperative Society

136. A company that directly or indirectly holds more than 50% of equity share capital of some other company is called

- A. A Subsidiary company
- B. .A holding company
- C. A Private company
- D. A public company

137. A document containing the objects and scope of activities of the company is called

- A. prospectus
- B. Memorandum of Association
- C. Articles of Association'
- D. Certificate of incorporation

138. Which of these statements about debenture is correct?

- (i) Debenture represents loan capital
- (ii) Debenture carries a fixed rate of interest
- (iii) Debenture holders do not have voting rights in the company
- (iv) Debenture is transferable through stock exchange

- A. (i) and (ii) are correct
- B. (iii) and (iv) are correct
- C. (i) (ii) & (iii) are correct

D. All are correct

139. Minutes of Board Meeting are to be signed by

- A. Chairman of the meeting
- B. Chairman of the succeeding meeting
- C. Any of the Directors present in the meeting
- D. Secretary of the Company

140. Which resolution is required to declare dividends

- A. Special resolution in Company's AGM
- B. Ordinary resolution in an EGM
- C. ordinary resolution in AGM
- D. Special resolution in EGM

141. MBO refers to

- A. Top management decides the objectives
- B. Lower management personnel decides the objectives and convey to top management
- C. Top and representatives of lower management decide the objective through mutual conversation, discussion and acceptance
- D. A traditional system of framing goals of the organization

142. Which of the following objectives does not fall under the category of social objective

- A. Ensuring job satisfaction
- B. Creation of employment
- C. Avoiding anti- social practices
- D. Charging reasonable prices

143. Corporate Social Responsibility cannot be discharged by

- A. curbing competition in the market
- B. charging reasonable price in the market
- C. payment of reasonable wages to workers
- D. improving productivity

144. Stock exchanges facilitate:

- A. Buying and selling of new shares of the company
- B. Buying and selling of a Private company
- C. Buying and selling of listed shares of a public company
- D. None of the above

145. People who deal in securities mainly in order to make profit out of price differentials are called:

- A. Speculators
- B. Investors
- C. Brokers
- D. Members

146. Who cannot become member of a recognised stock exchange in India

- A. A citizen of India aged not less than 21 years
- B. Individual not adjudged bankrupt/insolvent
- C. A firm or a company
- D. Not a director, partner or employee of a company primarily dealing in securities

147. Which one of the following about listing of shares is **not correct**?

- A. Listing results in liquidity of securities
- B. At least 49% of each class of securities issued was offered to the public for subscription through newspapers for not less than 3 days
- C. Stock Exchanges guarantees financial soundness of the company once shares are listed
- D. Company executes a listing agreement with the stock exchange

148. A speculator expecting a fall in price is called-

- A. A Stag
- B. A Bull
- C. A Bear
- D. A lame duck

149. Which one of the following is not principles of communication

- A. Consistency
- B. Clarity of message
- C. Accuracy
- D. It has to be only in written form

150. In a business letter, the complimentary close has to be

- A. "Yours faithfully" or "yours sincerely"
- B. yours affectionately"
- C. "Yours lovingly"
- D. "Always yours"

SECTION B
BUSINESS MATHEMATICS AND STATISTICS FUNDAMENTALS

151. Two numbers are in the ratio of 3:5. When 10 is subtracted from each of them, the ratio altered to 1:5, then numbers are

- A. 10, 12
- B. 8, 12
- C. 12, 16
- D. 12, 20

152. A dealer blends two types of salt and then sells the mixture. He blended 75 kg @ 1.50 per kg and 45 kg @ Rs.1.30 per kg. What will be minimum selling price that ensures at least 25% profit to him?

- A. Rs.1.90
- B. Rs.1.78
- C. Rs.1.73
- D. Rs.1.49

153. True discount on a bill due after 6 months @ 8% p.a is Rs.40. What is the amount of the bill?

- A. Rs.1030
- B. Rs.1050
- C. Rs.1040
- D. Rs.1048

154. A bill for Rs.1224 is due in 6 months. The rate of interest is 4% p.a. The difference between true discount and banker's discount will be

- A. Rs.48

- B. Rs. 4.8
- C. Rs. 0.48
- D. Rs. 480

155. A person borrowed some amount at 5% p.a. He settled the account by paying an amount of Rs. 4600 after 3 years. What was the principal amount?

- A. Rs. 3600
- B. Rs. 3700
- C. Rs. 3900
- D. Rs. 4000

156. $\sqrt{-16} - \sqrt{-9} =$

- A. $\sqrt{7}$
- B. $\sqrt{-7}$
- C. $\sqrt{-25}$
- D. $\sqrt{-1}$

157. If $9^{2x} = 3^{(x+1)}$ then $x =$

- A. 1/3
- B. 3
- C. 6
- D. 12

158. A publisher pays an author a lump sum plus an amount on every copy sold. When 500 copies were sold, the author got an amount of Rs. 750 and when copies sold increased to 1350, he received

Rs. 1175 only. How much will he get if 10000 copies are sold?

- A. Rs. 11750
- B. Rs. 7500
- C. Rs. 5500
- D. Rs. 9500

159. Total cost = Fixed Cost + Variable Cost. In a factory as the output increases from 200 to 300 units, the total cost rises from Rs. 16000 to Rs. 20000. What will be the total cost for 500 units?

- A. Rs. 36000
- B. Rs. 34000
- C. Rs. 3100
- D. Rs. 28000

160. The quadratic equation $x^2 - 7x + 12 = 0$ has roots;

- A. 3, 4

- B. 5, 2
- C. 6, 1
- D. 8, -1

161. 16 cricket players are in a training camp. How many playing eleven can you make out of them?

- A. 5
- B. 1100
- C. 4368
- D. 166

162. You are required to solve 8 out of 10 questions. How many choices you have?

- A. 10
- B. 8
- C. 40
- D. 45

163. Let set $A = \{1,2,3\}$ and set $B = \{2,3,4\}$, then Set $C = A \cup B$ will be

- A. $\{1,2,3,4\}$
- B. $\{1,2,3,4,2,3,4\}$
- C. $\{1,2,2,3,3,4\}$
- D. $\{4\}$

164. A 4ft wide path is to be laid around a rectangular park of 60x40 ft on its inner side. The cost is Rs.2.50 per sq ft. You need to pay the contractor a sum of Rs.-----

- A. Rs.1600
- B. Rs.1840
- C. Rs.2000
- D. Rs.2400

165. Three sides of a triangle are 3,4 and 6 cms respectively. Its area will be:

- A. 12 sq.cms
- B. 9 sq.cms
- C. 6 sq.cms
- D. 18 sq.cms

166. A 7 metre wide road surrounds a park whose circumference is 352 metres. Area of this road will be :

- A. 2464 sq.ms
- B. 2272 sq.ms

- C. 2618 sq.ms
- D. 2812 sq.ms

167. Surface area of a cube is $32\frac{4}{3}m^2$. Find its volume

- A. $\frac{64}{3}$ cu m
- B. $12 m^3$
- C. $15 m^3$
- D. $11m^3$

168. Ratio of volumes of two right circular cones with same radius of base is 1:2. Their heights have a ratio of :

- A. 2:1
- B. 1 :2
- C. 1:4
- D. 4:1

169. Volume of a sphere is numerically equal to its surface area. Its radius equals to----- (in units of measurement)

- A. 6
- B. 4
- C. 5
- D. 12

170. How many cylindrical iron rods of 3.5 cms radius and 1.6 d.m can be cast by melting 3 spheres of 14 cms radius each

- A. 9
- B. 5
- C. 7
- D. 11

171. Line A (4,3) B (-2, 1) is internally bisected at point C. Its coordinates will be

- A. (2,4)
- B. (-2,3)
- C. (1, 2)
- D. (4, 1)

172. Vertices of a triangle are (3,6) (-5, 2) and (7,-6). Co-ordinates of its centroid will be:

- A. (3,-6)
- B. (6,2)
- C. (-5,7)
- D. (5/3, 2/3)

173. Where will be line joining (3,-4) and (1,2) meet x-axis at

- A. (5/3, 0)

- B. (4, 0)
- C. (-2, 0)
- D. (4, -2)

174. The line joining (3,-4) and (1,2) will intersect y- axis at

- A. (4,0)
- B. (0, 5)
- C. (0, -2)
- D. (4, -2)

175. Parabola $3y^2 = 4x$ has its focus at point:

- A. (0,3)
- B. (3,0)
- C (1/3, 0)
- D. (0, 1/3)

176. For function $y = x^2$, the range will be set of points given by

- A. $\{y-x^2\}$
- B. $\{x^2-y\}$
- C. $\{x^2\}$
- D. $\{y\}$

177. If $f'(x) = 0$ then,

- A. tangent at (x,y) is parallel to x-axis
- B. tangent at (x,y) is parallel to y-axis
- C tangent at (x,y) does not exist
- D. tangent at (x,y) is not defined

178. $\lim_{x \rightarrow 2} \frac{x^3 - 8}{x - 2}$ is

- A. 0
- B. 4
- C.8
- D. 12

179. The cost function for commodity q is $c = q^3 - 4q^2 + 6q$. The minimum AVC out put will be

- A. 6
- B. 8
- C.2
- D. 3

180. According to Euler's theorem, If $f(x,y)$ be homogeneous of function of x and y of degree _____, then

$$x \frac{\partial f}{\partial x} + y \frac{\partial f}{\partial y} = \text{_____} f(x,y).$$

Fill in the blanks.

- A. x, y
- B. x/y
- c. $(x/y)^n$
- D. n

181. "Constant of Integration is always a fixed number as every function needs it to become complete" This statement is

- A. false

- B. true
- C. makes no sense
- D. has nothing to do with integral calculus

182. "Definite Integral" is called definite as it does not depend on/has

- A. approximations
- B. coefficient of integration
- C. can be defined exactly
- D. a finite value

183. $\int_a^b f(x) dx$ shows:

- A. Area under $f(x)$ between points a and b
- B. difference $f(b) - f(a)$
- C. sum $f(a) + f(b)$
- D. none of the above

184. Direct personal observation, indirect oral investigation, schedules and questionnaires and local reports are sources of

- A. weather reports
- B. secondary data
- C. primary data
- D. None of the above

185. Having brief, simple, to the point, logically arranged and non-offensive, non-intrusive questions are key to the success of :

- A. A news paper report
- B. Court Investigation
- C. Board Examination
- D. Statistical enquiry

186. Complete enumeration is insisted upon when:

- A. complete information is desired
- B. universe of population is small
- C. You have unlimited time
- D. results do not matter

187. Classification and Tabulation help the data speak for itself as:

- A. salient features emerge clearly
- B. Undesirable aspects are concealed adequately
- C. You can present the information the way you like
- D. None of the above as data cannot speak.

188. Complex tabulation is used when:

- A. Information is simple but need to be protected
- B. A number of attributes/features need to be presented together
- C. It is desirable to confuse the readers
- D. All of the above

189. Range of 6, 18, 17, 15, 14 is

- A. 10
- B. 8
- C. 12
- D. 7

190. Find S. D of (i) 2, 5, 8 (ii) 2, 6

- A. $\sqrt{7}$ and 2
- B. $\sqrt{6}$ and 2
- C. $\sqrt{7}$ and 1
- D. $\sqrt{6}$ and 1

191. Variance of 2, 5, 8 is

- A. 6
- B. 7
- C. 2
- D. 4

192. A pie chart is suitable for pictorial presentation of data divided into

- A. arbitrary classes
- B. overlapping groups
- C. Percent-components
- D. simple additive sub groups

193. A short cut method to calculate A.M leads to:

- A. Size of A M reduced
- B. Size of the information used in calculation reduced
- C. cutting down of time and labour involved in calculations
- D. loss of accuracy

194. The mean of 20 observations was found to be 40. But later on it was found that an observation was wrongly recorded as 83 instead of 53. The corrected mean would be:

- A. 37 B. 42 C. 39 D. 38.5

195. $AM \geq GM$. This statement is true when calculations are based only on:

- A. real numbers
- B. imaginary numbers
- C. Complex numbers
- D. positive real numbers

196. H M of 3, 6, 12 and 15 is

- A. 240/39 B. 260/39 C. 39/260 D. 4/39

197. Median is value which:

- A. divides data into two halves
- B. splits the data vertically
- C. splits data horizontally
- D. mixes up the idea of an average

198. Mode depends upon

- A. end values only
- B. classes with higher frequencies
- C. class with highest frequency only
- D. None of the above

199. If the coefficient of skewness, mean and variance of a variable are, -6, 80 and 4 find its mode

- A. 92
- B. 104
- C. 80
- D. 72

200. Correct relationship between mean, median and mode is

- A. $\text{mean} = 3\text{mode} - \text{median}$
- B. $\text{Mean} - \text{Median} = 3(\text{mode} - \text{mean})$
- C. $3(\text{median} - \text{mode}) = \text{mean}$
- D. $\text{mean} - \text{mode} = 3(\text{mean} - \text{median})$