



BOARD OF STUDIES
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
COMMON PROFICIENCY TEST
Model Test Paper – BOS/CPT-3 / 2007

Time : 4 hours

Maximum Marks : 200

The test is divided into four sections.

SECTION – A : FUNDAMENTALS OF ACCOUNTING (60 MARKS)

PART-I

1. Reserve for doubtful debts account is a
 - (a) Real account
 - (b) Personal account
 - (c) Nominal account
 - (d) None of the above
2. Bank overdraft has a
 - (a) Debit balance
 - (b) Credit balance
 - (c) Negative balance
 - (d) None of the above
3. Under annuity method, interest is calculated on
 - (a) Original cost
 - (b) Scrap value
 - (c) Written down value
 - (d) None of the three

4. Journal Proper records
 - (a) Bills receivables
 - (b) Bills payables
 - (c) Cash payments
 - (d) Opening entry
5. Inventories should be out of godown in the sequence in which they arrive is based on
 - (a) FIFO
 - (b) LIFO
 - (c) HIFO
 - (d) Weighted average
6. When adjusted purchase is shown in the debit column of the trial balance then
 - (a) Both opening and closing stock appear in trial balance
 - (b) Opening stock is shown in trial balance and not the closing stock
 - (c) Closing stock is shown in trial balance and not opening stock
 - (d) Both opening and closing stock do not appear in trial balance
7. "Business unit" is separate and distinct from the person who supply capital to it is based on –
 - (a) Money measurement concept
 - (b) Going concern concept
 - (c) Entity concept
 - (d) Dual aspect concept
8. All the expenditures and receipts of revenue nature go to
 - (a) Trading A/c
 - (b) Profit and Loss A/c
 - (c) Balance sheet
 - (d) Either to (a) or (b)
9. If two or more transactions of the same nature are journalized together having either the debit or the credit account common is known as
 - (a) Compound journal entry
 - (b) Separate journal entry
 - (c) Posting
 - (d) None of the above

10. Following is not the example of external users

- (a) Government
- (b) Management
- (c) Investors
- (d) Suppliers and other creditors

PART-II

11. If effect of an error is cancelled by the effect of some other error, it is commonly known as _____

- (a) Error of principle
- (b) Compensating errors
- (c) Error of omission
- (d) Error of commission

12. General reserve at the time of retirement of a partner is transferred to _____

- (a) Revaluation A/c
- (b) Memorandum Revaluation A/c
- (c) Partners' capital accounts
- (d) Profit & Loss Adjustment account

13. Interest on Partner's capital is _____

- (a) An expenditure
- (b) An appropriation
- (c) A gain
- (d) None of the three

14. Noting charges are paid at the time of _____ of the bill

- (a) Retirement
- (b) Dishonour
- (c) Renewal
- (d) None of the above

15. A _____ is sent to a customer when he returns goods

- (a) Debit note
- (b) Credit note
- (c) Proforma invoice
- (d) None of the above

16. In double entry book keeping system, every transaction affects at least _____ account

- (a) One

- (b) Two
 - (c) Three
 - (d) Four
17. The left hand side of an account is known as _____ and the right hand side of an account is known as _____
- (a) Debt side; Credit side
 - (b) Credit side; Debit side
 - (c) Liability; Asset
 - (d) None of the three
18. A proforma invoice is sent by
- (a) Consignor to consignee
 - (b) Debtor to consignor
 - (c) Debtor to consignor
 - (d) Debtor to consignee
19. Profit and loss of realization account is shared among the partners in _____ ratio
- (a) Old profit sharing ratio
 - (b) New profit sharing ratio
 - (c) Capital ratio
 - (d) Equal ratio
20. Loss on issue of debentures is treated as
- (a) Intangible asset
 - (b) Current asset
 - (c) Current liability
 - (d) Miscellaneous expenditure

PART-III

21. Some funds are required for conducting day to day operations of an enterprise. They are represented by excess of current assets over current liabilities. Here, Current assets are those assets which are converted into cash or consumed within a years time. (Debtors and stock are examples of current assets). While current liability falls due for payment in a relatively short period, normally not more than twelve months. Such funds are termed as _____
- (a) Working capital
 - (b) Opening capital
 - (c) Closing capital
 - (d) None of the three
22. A, B and C are partners in the firm sharing profits and losses in 5:3:2 ratio. The firm's

balance sheet as on 31.03.2006 shows the reserve balance of Rs. 25,000, profit of the last year Rs. 50,000, Joint life policy of Rs. 10,00,000 and fixed assets of Rs. 12,00,000. On 1st June, C died and on the same date assets were revalued. The executor of the deceased partner will get along with the capital of C

- (a) Share in the reserve account of the firm
- (b) Proportionate share of profit upto the date of death
- (c) Share in joint life policy
- (d) All of the above

PART IV

23. A bill of exchange matures on 16th July. It is a public holiday. Bill will mature on
- (a) 17th July
 - (b) 15th July
 - (c) 16th July
 - (d) 18th July
24. He, She and Me are partners in a firm sharing profits and losses in the ratio of 5:3:2. They took Joint Life Policy of Rs. 50,000, Rs.1,00,000 and Rs.1,50,000 for He, She and Me respectively. The share of C in the policy will be
- (a) Rs.1,50,000
 - (b) Rs.90,000
 - (c) Rs.60,000
 - (d) Rs.3,00,000

25. Trial Balance (Total method)

		<i>Dr.</i>	<i>Cr.</i>
<i>S.No.</i>	<i>Name of the account</i>	<i>(Rs.)</i>	<i>(Rs.)</i>
1	Cash account	11045	7865
2	Capital account		10000
3	Bank account	7000	100
4	Purchases account	725	
5	Sales account		950
6	Krishna	375	375
7	Salary	5	10
8	Rent Account	150	
		19300	19300

Amount of total balance according to balance method will be:

- (a) Rs.10,955
- (b) Rs.10,900

(c) Rs.10,000

(d) Rs.10,500

26. Trial balance containing obvious errors is given below

<i>Name of the account</i>	<i>Dr. Rs.</i>	<i>Cr Rs..</i>
Cost of goods sold	1,50,000	
Closing stock		40,000
Debtors		60,000
Creditors		30,000
Fixed Assets	50,000	
Opening Stock	60,000	
Expenses		20,000
Sales		2,00,000
Capital	90,000	
	3,50,000	3,50,000

Total of corrected trial balance will be

(a) Rs.3,00,000

(b) Rs.3,20,000

(c) Rs.2,90,000

(d) Rs.3,10,000

27. On Jan 1, 2001 the position of V. Mathur was as follows

Stock in hand Rs. 2400; Bills payable Rs. 400; Cash at Bank Rs. 1800; Plant and machinery Rs. 1000; Owing by debtors Rs. 500; Owing to creditors Rs. 800; Investments 2000; Loan from Raja Ram Rs. 1500.

V. Mathur's capital on the above date will be

(a) Rs. 5000

(b) Rs. 4000

(c) Rs. 6000

(d) None of the three

28. Goods worth Rs. 1000 taken by the proprietor for personal use should be credited to

(a) Sales A/c

(b) Purchase A/c

(c) Expenses A/c

(d) Proprietor's personal A/c

29. The profit and loss account shows

(a) The financial position of the concern

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35.	Balance as per Pass Book is	Rs.	2,430
	Cheques paid but not yet credited	Rs.	1,390
	Bank Charges entered in pass book	Rs.	260
	Cheques issued but not presented for payment	Rs.	1,710
	Balance as per Cash Book will be		
	(a)	Rs.	2370
	(b)	Rs.	2500
	(c)	Rs.	2300
	(d)	Rs.	2380
36.	Overdraft as per Cash Book	Rs.	6,340
	Cheque deposited but not credited	Rs.	2,360
	Cheques issued but not presented for payment	Rs.	2,368
	Overdraft as per Pass Book will be		
	(a)	Rs.	6,332
	(b)	Rs.	6000
	(c)	Rs.	6300
	(d)	Rs.	6330
37.	Following figures have been taken from the trial balance of a trader –		
	Opening Stock	Rs.	14,500
	Purchases	Rs.	75,995
	Carriage Inward	Rs.	1,700
	Wages	Rs.	825
	Sales	Rs.	93,750
	Goods sent on Consignment	Rs.	20,000
	Amount of profit will be		
	(a)	20730	
	(b)	20500	
	(c)	20200	
	(d)	21000	
38.	Jan. 2006 Balance of Provision for Doubtful debts	Rs.	1,200
	Bad debts during the year	Rs.	1,000

Debtors at the end of the year

Rs. 20,000

Make a provision for Bad Debts 5% on debtors Provision amount debited to P/L A/c will be

- (a) Rs. 1,000
 - (b) Rs. 800
 - (c) Rs. 700
 - (d) Rs. 600
39. A trader purchased furniture on Jan 1, 2004 for Rs. 5,200. Its scrap value is 200 and life 10 years. Depreciate furniture according to fixed instalment method. Balance of furniture a/c at the end of third year will be
- (a) Rs.3500
 - (b) Rs.3700
 - (c) Rs.4000
 - (d) Rs.3400
40. A seven years lease has been purchased for a sum of Rs. 60,000 and it is proposed to depreciate it under annuity method charging 4% interest. Reference to annuity table, Rs. 9996.55 should be charged to depreciation A/c. Balance of lease A/c at the end of the 1st year will be
- (a) Rs. 52403.45
 - (b) Rs. 52000
 - (c) Rs. 50000
 - (d) None of the above
41. After preparing the trial balance the accountant find that the total of the credit side is short by Rs. 1500. This difference will be -
- (a) Credited to suspense account
 - (b) Debited to suspense account
 - (c) Adjusted to any of the debit balance a/c
 - (d) Adjusted to any of the credit balance a/c
42. On 01.12.06, X draws a bill on Y for 30 days after sight. The date of acceptance is 08.12.06. The due date of the bill will be -
- (a) 8.01.07
 - (b) 10.01.07
 - (c) 11.01.07
 - (d) 09.10.07

43. Capital introduced in the beginning by Ram Rs. 16,080; further capital introduced during the year in the form of machinery Rs. 2000; personal expenses during the year –

Drawings in cash	Rs.	3,000
Life Insurance Premium	Rs.	250
Closing capital	Rs.	21,925

The amount of profit or loss for the year will be

- (a) Profit 7095
 - (b) Profit 7085
 - (c) Loss 5000
 - (d) Loss 6000
44. The total of debit and credit side of Mr. Raja Ram as on 31st March, 2006 were Rs. 20,000 and Rs. 10,000 respectively. The difference was transferred to suspense A/c. On 4th April 2006, it was found that the total of sales book was carried forward as 5,000 instead of 4,000. The balance of suspense A/c after rectification of this error will be -
- (a) Rs.11,000
 - (b) Rs. 10,000
 - (c) Rs. 9,000
 - (d) Rs. 12,000
45. The total of 'Discount allowed' column in the cash book for the month of September, 2006 amounting to Rs. 250 was not posted Rectifying entry for the same will be -
- (a) Suspense A/c Dr 250; To Discount A/c 250
 - (b) Discount A/c Dr. 250; To Suspense A/c 250
 - (c) Discount A/c Dr. 250; To Customer A/c 250
 - (d) None of the three
46. Closing entry for transfer of Net profit Rs. 6300 to capital A/c will be
- (a) Capital A/c Dr 6300; To P/L A/c 6300
 - (b) P/L A/c Dr. 6300; To Capital A/c 6300
 - (c) Trading A/c Dr. 6300; to P/L A/c 6300
 - (d) None of the three
47. Gross profit is the difference between
- (a) Sales and purchases
 - (b) Sales and cost of sales
 - (c) Sales and total expenses
 - (d) None of the three

48. Credit balances in the ledger will be
- A revenue or an asset
 - An expense or on asset
 - A revenue or a liability
 - None of the three
49. Miss Rakhi consigned 1,000 Radio sets costing Rs. 900 each to Miss Gita, her agent on July 1, 2006. Miss Rakhi incurred the following expenses.

<u>Carriage</u>	<u>Freight</u>	<u>Insurance</u>
Rs. 650	Rs. 7,000	Rs. 3,250

Miss Gita received the delivery of 950 radio sets. 750 sets were sold for Rs. 9,00,000 and Miss Gita incurred total expenses Rs. 13,000. Agents commission 6% on sales. Insurance company admitted claim of Rs. 35,000. Consignment stock was valued Rs. 1,84,391. Consignment Profit will be -

- 152036
 - 152000
 - 150000
 - None of the three
50. Amount spent on "Structural alterations" under pressure of law is a
- Capital expenditure
 - Revenue expenditure
 - Deferred revenue expenditure
 - Capital loss
51. Goodwill is to be calculated at one year's purchase of the average of the last 3 years profit. The profit of the first year was Rs. 6,000, second year twice the profit of the first year and the third year one and half times of the profit of the second year goodwill amount will be -
- Rs.10,000
 - Rs.12,000
 - Rs.11,000
 - Rs.13,000
52. A, B and C share the profit losses in the ratio of 3:2:1. D is admitted. He gets $\frac{1}{6}$ in share entirely from A. New ratio will be
- $\frac{1}{3} : \frac{1}{3} : \frac{1}{6} : \frac{1}{6}$
 - 3:1:1:1

- (c) 2:2:2:1
(d) None of the three
53. A, B and C share profit and losses in the ratio of 3:2:1 upon admission of D. They agreed to share 5:4:2:1 sacrificing ratio will be
(a) 1/12:NIL:NIL
(b) NIL:1/12:NIL
(c) NIL: NIL:1/12
(d) None of the three
54. A, B and C entered into a joint venture with equal risks contributing Rs. 20,000, Rs. 27,500 and Rs. 35,000 respectively. The amounts were banked in a joint account. Joint Transactions were as follows:
- | | | |
|-----------------------------|-----|--------|
| Purchase of goods | Rs. | 66,600 |
| Expenses on goods purchased | Rs. | 6,629 |
| Total sales | Rs. | 89,000 |
- C, who effected these transactions, was allowed 6% commission on sales. Profit on joint venture will be -
(a) Rs. 10,431
(b) Rs. 10,000
(c) Rs. 11,000
(d) Rs. 12,000
55. Gopal was holding 100 shares of 10 each of a company on which he had paid Rs. 3 on application and Rs. 2 allotment, but could not pay Rs. 2 on first call. Forfeited shares a/c will be credited with
(a) Rs. 500
(b) Rs. 400
(c) Rs. 600
(d) None of the three
56. A Ltd. makes an issue of 10,000 equity shares of Rs. 100 each, payable as follows –
- | | | |
|------------------------------|-----|----|
| On application and allotment | Rs. | 50 |
| On first call | Rs. | 25 |
| On second and final call | Rs. | 25 |
- Members holding 400 shares did not pay the second call and the shares are duly forfeited, 300 of which are reissued as fully paid at Rs. 80 per share. Amount transferred to capital reserve will be
(a) 16,500
(b) 15,000

- (c) 15,000
(d) None of the three
57. The following information pertains to X Ltd.
- | | | |
|------------------------------------|-----|-----------|
| (1) Equity share capital called up | Rs. | 10,00,000 |
| (2) Calls in arrear | Rs. | 50,000 |
| (3) Calls in advance | Rs. | 20,000 |
| (4) Proposed dividend | | 10% |
- The amount of proposed dividend payable is
- (a) 95,000
(b) 90,000
(c) 98,000
(d) 1,00,000
58. X Ltd. purchased the business of Y Ltd. for Rs. 90,000 payable in fully paid shares of 10 each; shares were issued at a premium of 25%. Number of shares issued against purchased consideration will be –
- (a) 6,000 shares
(b) 7,200 shares
(c) 8,000 shares
(d) 7,000 shares
59. A company on non-receipt of First Call money of Rs.2 per share and Final Call money of Rs.3 per share from Rahul, debited Call-in-Arrears account by Rs. 2,000 and Rs.3,000 respectively. After due notice 1,000 shares of Rs.10 each were forfeited from Rahul. The amount to be credited to First Call Account at the time of entry for forfeiture will be
- (a) Rs.2,000.
(b) Rs.3,000.
(c) Nil.
(d) Rs.10,000.
60. X Ltd. purchased assets of Y Ltd. as under –
- Plant and machinery of Rs. 20,00,000 at Rs. 18,00,000; Land and building of Rs. 30,00,000 at Rs. 42,00,000 for purchase consideration of Rs. 55,00,000 and paid Rs. 10,00,000 in cash and remaining by issue of 8% debentures of 100 each at a premium of 20%. No. of debentures issued to vendors will be
- (a) 37,000
(b) 37,500
(c) 35,500
(d) 38,000

SECTION – B : MERCANTILE LAWS (40 MARKS)

PART -I

61. Contracts may be classified on the basis of their validity, formation or performance. Contracts classified on the basis of formation are of the following types:
- (a) Express contracts.
 - (b) Implied contracts.
 - (c) Quasi contracts.
 - (d) All of the above.
62. Which of the following statement is false, Consideration:
- (a) Must move at the desire of the promisor
 - (b) May move from any person.
 - (c) Must be illusory.
 - (d) Must be of some value.
63. Generally, the following damages are not recoverable?
- (a) Ordinary damages.
 - (b) Special damages.
 - (c) Remote damages.
 - (d) Nominal damages.
64. A contract is discharged by novation which means the
- (a) cancellation of the existing contract.
 - (b) change in one or more terms of the contract.
 - (c) Substitution of existing contract for a new one.
 - (d) None of these.
65. One the valid performance of the contractual obligation by the parties, the contract
- (a) Is discharged.
 - (b) becomes enforceable.
 - (c) becomes void.
 - (d) None of these.
66. An offer may lapse by:
- (a) Revocation
 - (b) Counter offer.
 - (c) Rejection of offer by offeree.
 - (d) All of these
67. In case of illegal agreements, the collateral agreements are:
- (a) Valid

- (b) Void
 - (c) Void able
 - (d) Any of these.
68. Which of the following is false? An acceptance:
- (a) Must be communicated.
 - (b) Must be absolute and unconditional.
 - (c) Must be accepted by a person having authority to accept.
 - (d) May be presumed from silence of offeree
69. Which of the following statements is not true about minor's position in a firm?
- (a) He cannot become a partner in an existing firm.
 - (b) He can become a partner in an existing firm.
 - (c) He can be admitted only to the benefits of any existing a major.
 - (d) He can become partner on becoming a major.
70. A contract for a sale of goods where property would pass to the buyer on payment of total price would be;
- (a) Sale
 - (b) Agreement to sell
 - (c) hire-purchase contract.
 - (d) Sale on approval.
71. The Sale of Goods Act, 1930 deals with the
- (a) movable goods only.
 - (b) immovable goods only.
 - (c) both movable and immovable goods.
 - (d) All goods except ornaments.
72. Selection of goods with the intention of using them in performance of the contract and with the mutual consent of the seller and the buyer is known as
- (a) Distribution
 - (b) Appropriation
 - (c) amortization.
 - (d) Storage
73. Mercantile Agent is having an authority to
- (a) sell and consign goods.
 - (b) raise money on the security of goods.
 - (c) sell or buy goods.
 - (d) any of the above.

74. Which of the following is not a form of delivery?
- (a) constructive delivery.
 - (b) structured delivery.
 - (c) actual delivery.
 - (d) symbolic delivery.
75. Under sale of goods Act, 1930 the terms "goods" means every kind of the movable property and it includes
- (a) Stock and share
 - (b) Growing crops, grass
 - (c) Both (a) and (b)
 - (d) None of the above
76. Which of the following is correct:
- (a) Liability of a partner in a partnership firm is unlimited.
 - (b) Liability of a member of a HUF is unlimited.
 - (c) Both the above.
 - (d) None of the above.
77. Which of the following is not the right of a partner i.e, which he cannot claim as a matter of right?
- (a) Right to take part in business
 - (b) Right to have access to account books.
 - (c) Right to share profits.
 - (d) Right to receive remuneration.
78. On which of the following grounds, a partner may apply to the court for dissolution of the firm?
- (a) Insanity of a partner
 - (b) Misconduct of a partner
 - (c) Perpetual losses in business
 - (d) All of the above.
79. Which of the following is not disability of an unregistered firm?
- (a) It can not file a suit against third parties
 - (b) Its partners cannot file a suit against a firm
 - (c) It can claim a set-off exceeding Rs. 100.
 - (d) It can be sued by a third party.

PART –II

80. A Hindu widow borrowed money from a lender for the purpose of filling a suit for maintenance. The lender advanced money at 100 percent rate of interest. The act of the money lender is induced by
- (a) coercion
 - (b) Undue Influence
 - (c) Fraud
 - (d) Misrepresentation
81. A mistake as to a law not in force in India has the same effect as _____
- (a) Mistake of fact
 - (b) Mistake of India law
 - (c) fraud
 - (d) misrepresentation
82. A stipulation in a contract of sale of goods whose violation by seller gives a right of rescission to buyer, is called _____
- (a) Guarantee
 - (b) warranty
 - (c) condition
 - (d) term.
83. The communication of an acceptance is complete as against acceptor _____
- (a) When it is put in course of transmission to him so as to be out of reach of the acceptor
 - (b) When it comes to the knowledge of the proposer
 - (c) When both the proposer and acceptor declare the acceptance
 - (d) When the acceptor accepts his acceptance in court of law
84. Every person attains majority on completion of _____ years of age
- (a) 21 years
 - (b) 18 years
 - (c) 16 years
 - (d) 20 years
85. Doctrine of Caveat Emptor means _____
- (a) let the seller beware.
 - (b) let the buyer beware.
 - (c) let the creditor beware.
 - (d) None of the above

86. The essence of a right of lien is to _____
- (a) deliver the goods.
 - (b) retain the possession.
 - (c) regain the possession
 - (d) none of the above
87. Discharge by mutual agreement may involve _____
- (a) Novation
 - (b) Recission
 - (c) Alteration
 - (d) All of the above
88. Where the goods are delivered to a carrier or wharfinger for the purpose of transmission to the buyer, the delivery is _____
- (a) Invalid and ineffective
 - (b) Valid and effective
 - (c) Conditional
 - (d) None of these
89. _____ consideration is no consideration in England.
- (a) Past
 - (b) Present
 - (c) Future
 - (d) Past and present
90. The relationship of principal and agent may arise by _____
- (a) Express or implied agreement
 - (b) Ratification
 - (c) Operation of law
 - (d) All of the above
91. A contract for the sale of "future goods" is _____
- (a) Sale
 - (b) Agreement to sell
 - (c) Void
 - (d) Hire-purchase contract
92. Right of an unpaid seller include _____
- (a) Right against the law
 - (b) Right in stoppage in transit
 - (c) Right of re-sale

- (d) All of the above
- 93. A stipulation in a contract of sale of goods whose violation by seller gives a right of rescission to buyer, is called _____
 - (a) Guarantee.
 - (b) Warranty.
 - (c) Condition.
 - (d) Term.
- 94. Total substitution of new contract in place of the old contract takes place in case of _____
 - (a) Remission
 - (b) Rescission
 - (c) Novation
 - (d) Alteration
- 95. Non-registration of a partnership firm _____
 - (a) Is a criminal offence
 - (b) Renders the partnership illegal
 - (c) Is compulsory to activate the partnership
 - (d) Is not compulsory but desirable
- 96. A partner may be expelled from the firm on the fulfillment of the condition that the expulsion power is exercised _____
 - (a) As given by express contract
 - (b) By majority of partners
 - (c) In absolute good faith
 - (d) All of the above.
- 97. Right of lien is to _____
 - (a) Retain possession
 - (b) Regain possession
 - (c) Remove possession
 - (d) Recharge possession
- 98. Partner by holding out is also known as _____
 - (a) Active Partner
 - (b) Dormant partner
 - (c) Partner by estoppel
 - (d) Partner by stoppage

PART -III

99. Under which circumstances the unpaid seller can exercise right of re-sale
- (a) when the goods are of perishable nature.
 - (b) when he gives notice to the buyer
 - (c) When he gives notice to the buyer of his intention to re-sale and the buyer does not within reasonable time pay the price.
 - (d) Both (a) and (b)
100. A timber merchant agreed to supply best teak at a certain agreed price to a builder. Later the merchant supplied timber, which was identified as ordinary class of timber and demanded the payment from the builder which of the following statements is/are true?
- (a) Builder can reject the goods can claim damages.
 - (b) Builder has accept the goods.
 - (c) Builder has to pay the price by taking delivery of teak wood.
 - (d) Timber merchant cannot plead the doctrine of caveat emptor.

SECTION – C : GENERAL ECONOMICS (50 MARKS)

101. Which of the following is not an essential condition of pure competition?
- (a) Large number of buyers and sellers
 - (b) Homogeneous product
 - (c) Freedom of entry
 - (d) Absence of transport cost
102. Which of the following is not a characteristic of a "Price taker"?
- (a) $TR = PXQ$
 - (b) $AR = \text{Price}$
 - (c) Negatively – sloped demand curve
 - (d) $\text{Marginal Revenue} = \text{Price}$
103. Which of the following is not a condition of perfect competition ?
- (a) A large number of firms
 - (b) Perfect mobility of factors
 - (c) Informative advertising to ensure that consumers have good information
 - (d) Freedom of entry and exit into and out of the market
104. All of the following are characteristics of a monopoly except?
- (a) there is a single firm
 - (b) the firm is a price taker
 - (c) the firm produces a unique product
 - (d) the existence of some advertising
105. A monopolist is able to maximize his profits when:
- (a) his output is maximum
 - (b) he charges a high price.
 - (c) his average cost is minimum
 - (d) his marginal cost is equal to marginal revenue.
106. Which is the other name that is given to the long run average cost curve?
- (a) profit curve
 - (b) planning curve
 - (c) demand curve
 - (d) indifference curve

107. Price discrimination will be profitable only if the elasticity of demand in different market in which the total market has been divided is:
- (a) uniform
 - (b) different
 - (c) less
 - (d) zero
108. The kinked demand curve model of oligopoly assumes that:
- (a) response to a price increase is less than the response to a price decrease
 - (b) response to a price increase is more than the response to a price decrease
 - (c) elasticity of demand is constant regardless of whether price increases or decreases
 - (d) elasticity of demand is perfectly elastic if price increases and perfectly inelastic if price decreases
109. Agricultural goods markets depict characteristics close to:
- (a) Perfect competition
 - (b) Oligopoly
 - (c) Monopoly
 - (d) Monopolistic competition
110. Which of the statements is correct?
- (a) The tertiary sector contributes the maximum to the GDP.
 - (b) India is a basically a socialist economy
 - (c) The distribution of income and wealth in India is quite equitable
 - (d) None of the above
111. NABARD is the apex bank for _____ credit in India.
- (a) real estate
 - (b) small scale industries
 - (c) agriculture
 - (d) none of the above
112. The share of agriculture in India's national income has _____ over the years.
- (a) remained constant
 - (b) decreased
 - (c) increased
 - (d) first decreased and then increased

113. Which is of the following is incorrect?
- (a) Special schemes have been started to promote agro-products.
 - (b) India has been a big importer of food grains especially since 1990s.
 - (c) High yielding varieties programme has resulted in improvement in production and productivity of food grains in India
 - (d) None of the above
114. Agriculture sector faces the problem of:
- (a) slow and uneven growth
 - (b) inadequate and incomplete land reforms
 - (c) inadequate finance
 - (d) all of the above
115. The Tenth plan aims at achieving a growth rate of _____ in the industrial sector.
- (a) 5 per cent
 - (b) 8 per cent
 - (c) 10 per cent
 - (d) 6 per cent
116. Which of the following statements is correct?
- (a) The industrial pattern on the eve of independence was quite balanced
 - (b) During the planning period the structure of Indian industry has shifted in favour of basic and capital goods and intermediate goods.
 - (c) Most of the big industrial units in India are sick.
 - (d) None of the above
117. Over the planning period the share of industrial sector in the GDP of India has _____
- (a) increased
 - (b) decreased
 - (c) remained constant
 - (d) remained above 50 per cent
118. India has the _____ largest scientific and technical manpower in the world
- (a) Fifth
 - (b) Tenth
 - (c) Eighth
 - (d) Second

119. Demand for final consumption arises in:
- (a) household sector only
 - (b) government sector only
 - (c) both household and government sectors
 - (d) neither household for government sectors
120. Which of the following is an economic activity ?
- (a) Playing friendly cricket match
 - (b) Teaching one's own daughter at home
 - (c) Manufacturing chairs at subsidised rate
 - (d) A housewife doing household duties
121. Per capita national income means
- (a) $\text{NNP} / \text{population}$
 - (b) $\text{Total capital} / \text{population}$
 - (c) $\text{Population} / \text{NNP}$
 - (d) None of the above
122. India's rank in world Population comes after _____
- (a) U.S.A.
 - (b) China
 - (c) Australia
 - (d) Canada
123. In which state is the sex ratio most favourable to women?
- (a) Andhra Pradesh
 - (b) Uttar Pradesh
 - (c) Kerala
 - (d) Karnataka
124. India's present population is:
- (a) more than that of China
 - (b) less than that of China
 - (c) less than that of Pakistan
 - (d) less than that of England
125. NTPC stands for:
- (a) National Thermal Power Corporation

- (b) National Tidal Power Corporation
 - (c) National Theological Power Corporation
 - (d) National Talent and Potential Corporation
126. Which of the following is correct in relation to banks in the post reform period?
- (a) Bank rate has been increased to 10 per cent
 - (b) CRR has been increased to 8 per cent
 - (c) CRR has been reduced in stages
 - (d) Public sector banks have been asked to raise their funds from their private resources only
127. _____ refers to disposal of public sector's units in equity in the market.
- (a) Globalisation
 - (b) Privatisation
 - (c) Disinvestment
 - (d) Liberalisation
128. Population per bank in India is :
- (a) around 5000
 - (b) around 20000
 - (c) around 16000
 - (d) around 45000
129. Commercial banks suffer from :
- (a) regional imbalances
 - (b) increasing overdues
 - (c) lower inefficiency
 - (d) all the above
130. Money includes
- (a) currencies and demand deposits
 - (b) bonds, government securities
 - (c) equity shares
 - (d) all of the above.
131. M1 in the money stock in India refers to:
- (a) post office saving deposits
 - (b) total post office deposits
 - (c) currency plus demand deposits plus other deposits with RBI

- (d) time deposits with banks
132. Which of the following is not a characteristic of land?
- (a) Its supply for the economy is limited
 - (b) It is immobile
 - (c) Its usefulness depends on human efforts
 - (d) It is produced by our forefathers
133. Which of the following statements is true ?
- (a) Accumulation of capital depends solely on income
 - (b) Savings can also be affected by the state
 - (c) External economies go with size and internal economics with location
 - (d) The supply curve of labour is an upward slopping curve
134. The marginal product of a variable input is best described as:
- (a) total product divided by the number of units of variable input
 - (b) the additional output resulting from a one unit increase in the variable input
 - (c) the additional output resulting from a one unit increase in both the variable and fixed inputs
 - (d) The ratio of the amount of the variable input that is being used to the amount of the fixed input that is being used.
135. Diminishing marginal returns imply
- (a) decreasing average variable costs
 - (b) decreasing marginal costs
 - (c) increasing marginal costs
 - (d) decreasing average fixed costs
136. To economists, the main difference between the short run and the long run is that:
- (a) in the short run all inputs are fixed, while in the long run all inputs are variable
 - (b) in the short run the firm varies all of its inputs to find the least cost combination of inputs
 - (c) in the short-run, at least one of the firm's input levels is fixed
 - (d) in the long run, the firm is making a constrained decision about how to use existing plant and equipment efficiently
137. Which cost increases continuously with the increase in production?
- (a) Average cost
 - (b) Marginal cost
 - (c) Fixed cost

- (d) Variable cost
138. In the short run, when the output of firm increases, its average fixed cost:
- (a) increases
 - (b) decreases
 - (c) remains constant
 - (d) first declines and then rises
139. Which of the following is an example of an "explicit cost"?
- (a) The wages a proprietor could have made by working as an employee of a large firm
 - (b) The income that could have been earned in alternative uses by the resources owned by the firm
 - (c) The payment of wages by the firm
 - (d) The normal profit earned by a firm.
140. Marginal cost is defined as :
- (a) the change in total cost due to a one unit change in output
 - (b) total cost divided by output
 - (c) the change in output due to a one unit change in an input
 - (d) total product divided by the quantity of input
141. Which of the following is not a determinant of the firm's cost function?
- (a) The production function
 - (b) The price of labour
 - (c) Taxes
 - (d) The price of the firm's output
142. A firm's average total cost is Rs. 300 at 5 units of output and Rs. 320 at 6 units of output the marginal cost of producing the 6th unit is:
- (a) Rs. 20
 - (b) Rs. 120
 - (c) Rs. 320
 - (d) Rs. 420
143. Which of the following is a function of an entrepreneur?
- (a) Initiating a business enterprise
 - (b) Risk bearing
 - (c) Innovating
 - (d) All of the above
144. 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
145. Who expressed the view that "economics is neutral between end"?
- (a) Robbins
 - (b) Marshall
 - (c) Pigou
 - (d) Adam Smith
146. An example of positive economic analysis would be:
- (a) an analysis of the relationship between the price of food and the quantity purchased
 - (b) determining how much income each person should be granted
 - (c) determining the fair price for food
 - (d) deciding how to distribute the output of the economy
147. Which of the following does not suggest a macro approach for India ?
- (a) Determining the GNP of India
 - (b) Identifying the causes of inflation in India
 - (c) Finding the causes of failure of X and Co.
 - (d) Analyse the causes of failure of industry in providing large scale employment
148. What is one of the future consequences of an increase in the current level of consumption in the India
- (a) Slower economic growth in the future.
 - (b) Greater economic growth in the future
 - (c) No change in our economic growth rate
 - (d) Greater capital accumulation in the future
149. Capital intensive technique would get chosen in a :
- (a) labour surplus economy
 - (b) capital surplus economy
 - (c) developed economy
 - (d) developing economy
150. Consider the following and decide which if any economy is without scarcity:
- (a) The pre-independent Indian Economy, where most people were farmers
 - (b) A mythical economy where everybody is a billionaire
 - (c) Any economy where income is distributed equally among its people
 - (d) None of the above

SECTION – D : QUANTITATIVE APTITUDE (50 MARKS)

151. Representation of data is done by
- (a) Diagrams
 - (b) Pictures
 - (c) Charts
 - (d) All these
152. Ogive is a
- (a) Line diagram
 - (b) Bar diagram
 - (c) Both
 - (d) None of these
153. Which result is true?
- (a) $HM \leq GM \leq AM$
 - (b) $HM \geq GM \geq AM$
 - (c) $HM < GM < AM$
 - (d) $GM > AM > HM$
154. The range of 12, 15, 17, 9, 21, 25
- (a) 3
 - (b) 16
 - (c) 25
 - (d) 12
155. Median is effected by extreme values
- (a) True
 - (b) False
 - (c) Both
 - (d) None of these
156. In a scatter diagram, if the plotted points lie on a single line, then the correlation is:
- (a) Perfect positive
 - (b) Perfect negative
 - (c) Both (a) and (b)
 - (d) Either (a) or (b)
157. For any two events A and B
- (a) $P(A \cap B) < P(A) + P(B)$
 - (b) $P(A \cap B) > P(A) + P(B)$

- (c) $P(A \cap B) \leq P(A) + P(B)$
 - (d) $P(A \cap B) \geq P(A) + P(B)$
158. The mode and mean of a normal distribution
- (a) May be equal
 - (b) May be different
 - (c) Are always equal
 - (d) (a) or (b)
159. A statistic is described as
- (a) A function of sample observation
 - (b) A function of population units
 - (c) A characteristic of a population
 - (d) A part of population
160. The index no. is not a special type of average
- (a) False
 - (b) True
 - (c) Both
 - (d) None of these
161. Fisher's ideal formula does not satisfy _____ test.
- (a) Unit test
 - (b) Circular test
 - (c) Time reversal test
 - (d) None of these
162. Under Algebraic method we get _____ Linear equations
- (a) Two
 - (b) Three
 - (c) One
 - (d) None of these
163. 24, 32, _____, 40 are in proportion.
- (a) 25
 - (b) 20
 - (c) 30
 - (d) None of these
164. $\log_3 \log_3 27$ is equal to _____
- (a) 0

- (b) -1
(c) 3
(d) 1
165. If _____, the roots are imaginary .
(a) $b^2 - 4ac = 0$
(b) $b^2 - 4ac > 0$
(c) $b^2 - 4ac < 0$
(d) $b^2 - 4ac \geq 0$
166. The letters of the words ALLAHABAD and INDIA are arranged in all possible ways. The ratio of the number of these arrangement is _____
(a) 9 : 5
(b) 126:1
(c) 1:1
(d) 2:5
167. The 13th term of series 93, 90, 87 is _____
(a) 57
(b) - 54
(c) 50
(d) 54
168. Rs. 3,52,000 will produce Rs. 28,600 interest in _____ years at 2.5% p.a. simple interest.
(a) 2 years 2 months
(b) 3 years 3 months
(c) 4 years 4 months
(d) 5 years 5 months
169. The mean of binomial distribution with parameters n and p is _____
(a) $n(1-p)$
(b) $np(1-p)$
(c) np
(d) $\sqrt{np(1-p)}$
170. If $P(A) = 6/9$ then the odds against the event is _____
(a) 3/9
(b) 6/3
(c) 3/6

(d) $3/15$

171. $\lim_{x \rightarrow 2} \frac{\sqrt{3-x} - 1}{2-x}$ is equal to

- (a) $1/2$
- (b) 2
- (c) 0
- (d) does not exist

172. The derivative of $y = \log x^x$ is

- (a) $1/x$
- (b) $\log x$
- (c) $1/x \cdot \log x$
- (d) $1 + \log x$

173. $\int \frac{dx}{e^x + 1}$ is equal to

- (a) $-\log(1+e^x) + K$
- (b) $(e^x+1)^{-2} + K$
- (c) $\frac{1}{1+e^x} + K$
- (d) None

174. If $f(x) = 2x + 3$ then $f(2x) - 2f(x) + 3$ is equal to

- (a) 1
- (b) 0
- (c) -1
- (d) None of these

175. Which term of series $3, \sqrt{3}, 1, \frac{1}{\sqrt{3}}, \dots$ is $\frac{1}{243}$?

- (a) 13
- (b) 14
- (c) 15
- (d) 12

176. Fisher's ideal index no. is equal to

- (a) Laspeyres's index \times Pasche's index
- (b) $\sqrt{\text{Laspeyres's Index} \times \text{Pasche's Index}}$

- (c) $\frac{\sum P_0 q_1}{\sum P_1 q_1}$
- (d) None of these
177. A sample of 100 gave a mean of 7.4 kg and a standard deviation of 1.2 kg. Find 95% confidence limits for population mean.
- (a) 7.164 and 7.635
- (b) 5.164 and 5.635
- (c) 4.001 and 5.001
- (d) None of these
178. A dice is tossed thrice, if getting a four is considered a success, find the variance of probability distribution of number of success.
- (a) $1/2$
- (b) $1/4$
- (c) $5/12$
- (d) $7/12$
179. A pair of dice is rolled. If the sum on the dice is 9. Find the probability that one of dice showed 3.
- (a) $1/9$
- (b) $1/4$
- (c) $1/2$
- (d) 1
180. The two regression lines obtained from certain data were $y = x + 5$ and $16x = 9y - 94$. Find the variance of x if variance of y is 16.
- (a) $4/16$
- (b) 9
- (c) 1
- (d) $5/16$
181. If ${}^n P_{13} : {}^{n+1} P_{12} = 4 : 3$ then value of n is
- (a) 15
- (b) 14
- (c) 13
- (d) 12
182. In a group of 23 children 10 drink tea but not coffee and 15 like tea. The number of children drinking coffee but not tea is
- (a) 6

- (b) 7
 - (c) 8
 - (d) 9
183. In a GP series the product of first three term is $729/8$. The middle term is
- (a) $3/2$
 - (b) $9/2$
 - (c) $2/9$
 - (d) None of these
184. In how many ways 5 physics, 3 chemistry and 3 maths books be arranged keeping the books of the same subject together.
- (a) $5! \times 3! \times 3!$
 - (b) $5 P_3$
 - (c) $5! \times 3!$
 - (d) $5! \times 3! \times 3! \times 3$
185. If a loan of Rs. 50,000 is paid back in equal instalments for 20 years and 10% interest on balance loan. What will be equal instalment .
- (a) 5872.98
 - (b) 5000.00
 - (c) 4999.98
 - (d) None of these
186. The lines $x - y - 3 = 0$, $3x - 2y - 5 = 0$ and $4x - 3y - 20 = 0$ are
- (a) concurrent
 - (b) Not concurrent
 - (c) Parallel to each other
 - (d) Perpendicular to each other
187. Solving equation $3x^2 - 2x - 16 = 0$ we get root as
- (a) $-2, 8/3$
 - (b) $2, 3/8$
 - (c) ± 2
 - (d) None of these
188. If a number of which the half is greater than $1/10^{\text{th}}$ of number by 20 then the number is
- (a) 50
 - (b) 40
 - (c) 80
 - (d) None of these

189. Sum of three numbers in A.P. is 12 and the sum of their cube is 408. The numbers are
- (a) 3, 4, 5
 - (b) 1, 4, 7
 - (c) 2, 4, 6
 - (d) None of these
190. The number of subset of a set containing n element is:
- (a) $2n$
 - (b) 2^n
 - (c) 2^{-n}
 - (d) None of these
191. Wages of 8 workers expressed in Rs. as follows – 80, 96, 51, 72, 67, 50, 70. find Coefficient of range.
- (a) 30.5
 - (b) 35.3
 - (c) 31.00
 - (d) 31.51
192. $\int e^{px} dx$ is equal to
- (a) e^x
 - (b) e^{px} / p
 - (c) $\log x$
 - (d) None of these
193. Evaluate $\int_{-3}^3 (x^3 + x) dx$
- (a) 0
 - (b) 3
 - (c) -3
 - (d) 1
194. If Arithmetic Mean and coefficient of variation of x are 5 and 20 respectively. What is the variance of $(15-2x)$?
- (a) 16
 - (b) 2
 - (c) 64
 - (d) 32

195. If $y = e^x - e^{-x}$ the $\frac{dy}{dx} - \sqrt{y^2 + 4}$ is equal to
- (a) 1
 - (b) -1
 - (c) 0
 - (d) None of these
196. 6 seats of articled clerks are vacant in a 'Chartered Accountant firm'. How many different batches of candidates can be chosen out of 10 candidates if one candidate is always selected.
- (a) 124
 - (b) 125
 - (c) 126
 - (d) None of these
197. The A.M. between two numbers is 34 and their G.M. is 16 the numbers are
- (a) 4, 64
 - (b) 4, 32
 - (c) 32, 64
 - (d) None of these
198. For a group of 8 students the sum of squares of differences in ranks for Accounts and Economics marks was found to be 50. What is the rank correlation coefficient.
- (a) 0.50
 - (b) 0.40
 - (c) 0.30
 - (d) 0.20
199. A sum of money triples itself in 20 years. The number of years it would double itself.
- (a) 25 years
 - (b) 15 years
 - (c) 10 years
 - (d) None of these
200. The value of $(\log_b a \times \log_c b \times \log_a c)^5$ is equal to
- (a) 5
 - (b) 0
 - (c) 1
 - (d) None of these