BOARD OF STUDIES

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

COMMON PROFICIENCY TEST

Model Test Paper – BOS/CPT-2 / 2007

Time : 4 hours   *Maximum Marks : 200*

The test is divided into four sections.

SECTION – A : FUNDAMENTALS OF ACCOUNTING (60 MARKS)

PART-I

1. Which of the following is not a sub-field of accounting?

    (a) Management accounting

    (b) Cost accounting

    (c) Financial accounting

    (d) Book-keeping

2. Capital brought in by the proprietor is an example of _____

    (a) Increase in asset and increase in liability

    (b) Increase in liability and decrease in asset

    (c) Increase in asset and decrease in liability

    (d) Increase in one asset and decrease in another asset

3. Cost of removal of business to a more convenient locality is _____

    (a) Capital expenditure

    (b) Revenue expenditure

    (c) Deferred revenue expenditure

    (d) Capital loss

4. Salary Rs. 2000 payable to clerk is credited to _____

    (a) Salary account

    (b) Cash account

    (c) Clerks Account

    (d) None of the above

5. Total of purchase return book is posted periodically to the credit of _____

    (a) Purchase return account

    (b) Cash book

    (c) Journal proper

    (d) None of the three

6. No Journal entry is required to be passed when there is _____

    (a) Normal loss

    (b) Abnormal loss

    (c) Loss of band debts

    (d) Loss by riots.

7. Stock is valued at cost or market value, whichever is less, is based on _____

    (a) Entity concept

    (b) Money measurement concept

    (c) Accrual concept

    (d) Conservation

8. Account sale is sent by _____

    (a) Consignor

    (b) Consignee

    (c) Supplier

    (d) None of the three

9. Which of the following statement is not true?

    (a) If del credere commission is allowed, bad debts will not be recorded in the books of the consignor.

    (b) If del credere commission is allowed, bad debts will be debited in consignment account.

    (c) If del Credere commission is allowed by consignor to consignee, loss of bad debts is shared by both

    (d) Del credere commission is generally relevant for credit sales.

10. In the absence of any provision in the partnership agreement, profits and losses are shared:

    (a) In the ratio of capitals

    (b) Equally

    (c) In the ratio of capital invested by partners to the firm

    (d) None of the above

PART-II

11. Loss on issue of debentures is treated as _____

    (a) Intangible asset

    (b) Current asset

    (c) Current liability

    (d) Miscellaneous expenditure

12. Dividends are usually paid as a percentage of _____

    (a) Authorised shares capital

    (b) Net profit

    (c) Paid up capital

    (d) Called up capital

13. Interest received on debenture redemption fund investment is

    (a) General reserve account

    (b) Debenture Redemption in fund A/c

    (c) Capital reserve account

    (d) None of them.

14. The parties to joint venture are called _____

    (a) Co ventures

    (b) Partners

    (c) Principal and agent

    (d) Friends

15. The owner of the consignment stock is _____

    (a) Consignee

    (b) Consignor

    (c) Debtors

    (d) None

16. In case of credit balance, the words _____ are written on the credit side.

    (a) To balance b/d

(b) To balance c/d

(c) By balance b/d

(d) By balance c/d

17. Prepaid insurance given in trial balance is recorded in _____

(a) Trading account

(b) Profit & Loss account

(c) Balance sheet

(d) None of the three

18. Present liability of uncertain amount which can be measured reliably by using a substantial degree of estimation is termed as _____

(a) Provision

(b) Liability

(c) Contingent liability

(d) None of the above

19. When preparing a Bank reconciliation statement, if you start with balance as per cash book, then dividends directly collected by bank but not yet entered in cash book within the period are _____

(a) Added

(b) Deducted

(c) Not required to be adjusted

(d) None of the above

20. Goodwill is a _____

(a) Current asset

(b) Intangible fixed asset

(c) Tangible fixed asset

(d) Investment

PART –III

21. A trader purchased a machinery costing Rs. 1,00,000 on 1st Oct. 2005. Transportation and installation charges were incurred amounting Rs. 10,000 and Rs. 4,000 respectively. Dismentling charges of the old machine in place of which new machine was purchased amounted Rs. 10,000. Market value of machine was estimated at Rs. 1,20,000 on March 31, 2006, while finalizing the annual accounts. Trader values the machinery at Rs. 1,20,000 in his books which of the following concepts was violated by the trader?

(a) Cost concept

(b) Matching concept

(c) Realisation

(d) Periodicity concept

22. Accounting has certain norms to be observed by the accountants in recording of transactions and preparation of final statements. These norms reduce the vagueness and chances of misunderstanding by harmonizing the varied accounting practices. These norms are _____

(a) Accounting regulations

(b) Accounting guidance notes

(c) Accounting standards

(d) Accounting frame work

PART-IV

23.

Opening Stock	8,500
Purchases	30,700
Direct Expenses	4,800
Indirect Expenses	5,200
Closing Stock	9,000

Cost of goods sold will be:

(a) Rs. 30,000

(b) Rs. 35,000

(c) Rs. 32,000

(d) Rs. 40,000

24. The plant and machinery account of a firm had a debit balance of Rs. 1,47,390 on Jan. 1, 2006. It has purchased on Jan 1, 2003. Firm has been following the practice of charging full years depreciation every year on diminishing balance system @ 15%. Cost of machinery in 2003 will be _____

(a) Rs. 240,000

(b) Rs. 250,000

(c) Rs. 200,000

(d) Rs. 260,000

25. A new firm commenced business on Jan. 1, 2006 purchased goods costing Rs. 19,500 during the year. A sum of Rs. 400 was spent on carriage inward and Rs. 1000 on wages. At the end of the year the cost of goods still unsold was Rs. 12,000. Sales during the year Rs. 25,000. What is the gross profit earned by the firm _____

(a) Rs. 16,100

(b) Rs. 18,200

(c) Rs. 20,000

(d) Rs. 15,100

26.

	Dr.	Cr.
	Rs.	Rs.
Cost of goods sold	1,50,000	—
Closing Stock	—	40,000
Debtors	—	60,000
Fixed Assets	50,000	—
Opening Stock	60,000	—
Sundry Expenses	—	20,000
Sales	—	2,00,000
Capital	90,000	—
	3,50,000	**3,50,000**

Total of current trial balance will be _____

(a) Rs. 3,20,000

(b) Rs. 3,60,000

(c) Rs. 3,00,000

(d) Rs. 4,00,000

27. Journal entry for wages paid Rs. 2000 for installation of machinery will be _____

(a) Dr. wages A/c and Cr. Cash A/c Rs. 20000

(b) Dr. Machinery A/c and Cr. Cash A/c Rs. 20000

(c) Dr. machinery repairs A/c and Cr. Cash A/c Rs. 20000

(d) None of the above

28. Capital introduced in the beginning by Syam Rs. 40,000, further capital introduced during the year Rs. 1000 Drawings Rs. 200 per month and closing capital is Rs. 53,600. The amount of profit or loss for the year is _____

(a) Rs. 15,000 profit

(b) Rs. 5,000 loss

(c) Rs. 20,000 profit

(d) Information is insufficient for any comment.

29. Goods purchased Rs. 1,00,000. The goods were sold Rs. 80,000. Margin 20% on sales. Closing stock is _____

(a) Rs. 36,000

(b) Rs. 40,000

(c) Rs. 50,000

(d) None of the above.

30. Following balances are given in trial balance

Debenture redemption fund   50,000

Debenture redemption fund investment   50,000

Interest on debenture redemption fund Investment   3,000

Increase in Debenture redemption fund by   10,000

Debenture redemption fund in Balance Sheet will be _____

(a) Rs. 60,000

(b) Rs. 63,000

(c) Rs. 50,000

(d) Rs. 65,000

31. Following information pertains to X Ltd.

	Rs.
Equity share capital called up	4,60,000
Calls in arrears	7,500
Calls in advance	5,000
Proposed dividend	5%

The amount of dividend payable will be _____

(a) Rs. 22,625

(b) Rs. 23,000

(c) Rs. 20,000

(d) None of the three

32. Pavan Ltd. Authorized capital 60,000 shares of 10 each. 4000 fully paid shares were issued to promoters for their services. This amount will be debited to_____

(a) Preliminary expenses

(b) Goodwill

(c) Sundry expenses

(d) None of the three

33. X Ltd. Purchased the business of Y Ltd. for Rs. 9,00,000 payable in fully paid shares of 100 each at a premium of 25%. The number of shares to be issued by X Ltd. to settle the purchase consideration will be

(a) 7000

(b) 5000

(c) 7200

(d) None of the three

34. Gopal was holding 100 shares of Rs. 10 each of a company on which he had paid Rs. 3 an application and Rs. 2 on allotment but could not pay Rs. 2 on first call. Directors forfeited the above share. Share capital will be debited by:

(a) Rs. 1000

(b) Rs. 700

(c) Rs. 500

(d) Rs. 800

35. Pavan Ltd. Invited application for 30,000 shares payable as under:

Rs. 3 per share on application;

Rs. 3 per share on allotment;

Rs. 2 per share on First call;

Rs. 2 per share on final call;

Ashok, who had been allotted 500 shares failed to pay both the calls. His shares were forfeited and reissued at Rs. 9 per share to Hari, as fully paid up. Amount transferred to capital Reserve will be _____

(a) Rs. 2,000

(b) Rs. 2,500

(c) Rs. 2,800

(d) Rs. 1,500

36. Z Ltd. Forfeited 600 shares of Rs. 10 each, on which first call of Rs. 3 per share was not received; the second and final call of Rs. 2 per share has not yet been called. Forfeited share A/c will be credited with

(a) Rs. 3,000

(b) Rs. 2,000

(c) Rs. 1,500

(d) Rs. 1,000

37. When preparing a Bank reconciliation statement, if you start with a debit balance as per cash book, cheques sent to Bank but not collected within the period should be _____

(a) Added

(b) Deducted

(c) Not required to be adjusted

(d) Name of the above

38. A company purchased plant for Rs. 5,000. The useful lite of the plant is 10 years and the turnover value is Rs. 500. When the management wants to depreciate it by Straight line

method. Rate of depreciation will be.

(a) 8%

(b) 9%

(c) 10%

(d) None of the three

39. X sells goods at Cost plus 60%. Total sales were Rs. 16,000. cost price of the goods will be:

(a) Rs. 12,000

(b) Rs. 10,000

(c) Rs. 13,000

(d) None of the three

40. A trader sells goods at a profit of 25% on sale. In a particular month he sold goods costing Rs. 34,200 sale price of goods will be

(a) Rs. 45,000

(b) Rs. 45,600

(c) Rs. 45,500

(d) Rs. 42,000

41. A manager gets 5% commission on sales, cost price of goods sold is Rs. 40,000 which he sells at a margin of 20% on sale. Manager Commission will be

(a) Rs. 2000

(b) Rs. 2500

(c) Rs. 2800

(d) None of the three

42. A manager gets 5% commission on net profit after charging such commission. If gross profit is Rs. 48,000 and expenses of indirect nature other than manager's commission are Rs. 6,000. Commission amount will be _____

(a) Rs. 2100

(b) Rs. 2000

(c) Rs. 2200

(d) Rs. 2400

43. On January 1, Mohan paid wages amounting Rs. 10,000. This is

(a) An event.

(b) A transaction.

(c) Either (a) or (b).

(d) Neither (a) nor (b).

44. Omega Stationers used Stationery for business purposes Rs. 300. Amount will be credited to:

    (a) Sales A/c

    (b) Purchases A/c

    (c) Cash A/c

    (d) None of the three

45. A machinery of Rs. 3,000 was sold for Rs. 4200. Depreciation provision to date was Rs. 400 and commission paid to the selling agent was Rs. 420 and wages paid to the workers for removing the machine was Rs. 30. Profit on sale of machinery will be _____

    (a) Rs. 1200

    (b) Rs. 1000

    (c) Rs. 1150

    (d) None of the three

46. Cost of goods sold   158600

    Stock in hand at the close of the year   25,400

    Stock in hand at the beginning of the year   44,000

    Purchases amount will be

    (a) Rs. 1,40,000

    (b) Rs. 1,35,000

    (c) Rs. 1,30,000

    (d) Rs. 1,45,000

47. Opening balance of Capital Rs. 5,000

Net profit	2,770
Income tax	550
Drawings	650
Interest on capital	500
Interest on Drawings	120

    Capital at end will be

    (a) Rs. 6950

    (b) Rs. 6000

    (c) Rs. 6500

    (d) Rs. 6600

48. Trial balance of a trader shows the following balances

	Rs.
Opening Stock	9600
Purchases less returns	11850
Salaries and wages	3200
Commission on Purchases	200
Carriage out	300
Sales	24900
Closing Stock	3500

Gross profit will be

(a) Rs. 6750

(b) Rs. 6500

(c) Rs. 3250

(d) Rs. 3200

49. Jan 1,2006 Provision for Bad Debts   2,500

Dec. 31, 2006 Bad debts   1,870

Debtors   20,000

Make a provision for bad debts

Debts 5% on debtors. Provision for bad debts in Profit and Loss A/c will be

(a) Rs. 370

(b) Rs. 400

(c) Rs. 500

(d) None of the three

50. Goods destroyed by fire Rs. 25000 and Insurance company admitted full claim. Claim receivable will be recorded in _____

(a) Trading A/c

(b) P/L Account

(c) Balance Sheet

(d) P/L Appropriation A/c

51. On 1st January, 2005 Badry of Bombay consigned 100 cases (cost price Rs. 7500) at a proforma invoice price of 25% profit on sales to his agent Anil of Agra. On the same date Badri paid non recurring expenses of Rs. 600. On 5th Jan. Anil took delivery and paid Rs. 1200 for Octroi. On 31st January he sold 80 cases for Rs. 10500. He charged Rs. 775 as his commission. Consignment profit will be

(a) Rs. 2285

(b) Rs. 2200

(c) Rs. 2500

(d) Rs. 2000

52. If sales revenue are Rs.4,00,000, cost of goods sold is 3,10,000 and operating expenses are Rs.60,000, the gross profit is

(a) Rs. 90,000

(b) Rs. 30,000

(c) Rs. 3,40,000

(d) Rs.60,000

53. A, B and C are partners in a business sharing profits and losses in the ratio of 3:2:1. On 30th June, 2006, C retired from business, when his capital A/c after all necessary adjustments showed a balance of Rs. 10,950. It was agreed that he should be paid Rs. 4950 in cash. On retirement and the balance in three equal yearly instalments with interest at 6% per annum. Amount of last instalment with interest will be:

(a) Rs. 2120

(b) Rs. 2100

(c) Rs. 2200

(d) Rs. 2500

54. A, B and C share profit and losses in the ratio of 3:2:1. Upon admission of D they agreed to share in the ratio of 5:4:2:1 sacrificing ratio will be:

(a) $\dfrac{1}{12}$:NIL : NIL

(b) NIL : $\dfrac{1}{12}$: NIL

(c) NIL : NIL : $\dfrac{1}{12}$

(d) None of the three

55. Rs. 35,000 was spent on painting the new factory. It is a _____

(a) Capital expenditure

(b) Revenue expenditure

(c) Deferred revenue expenditure

(d) None of the above

56. The total cost of goods available for sale with a company during the current year is Rs. 12,00,000. Total sales during the period are Rs. 13,00,000. If the gross profit margin is

$33\dfrac{1}{3}$% on cost. Closing inventory of the current year will be _____

(a) Rs. 4,00,000

(b) Rs. 3,00,000

(c) Rs. 2,25,000

(d) Rs. 2,50,000

57. Opening Debtors   Rs.10,200

Cash Received from debtors during the year

(as per cash book)   Rs. 30,400

Returns Inwards   Rs. 2,700

Bad debts   Rs. 1,2 00

Debtors at end   Rs. 13,800

Cash Sales (As per cash book)   Rs. 28,400

Total Sales will be

(a) Rs. 66,300

(b) Rs. 66,000

(c) Rs. 65,000

(d) Rs. 66,500

58. A company wishes to earn 20% profit margin on selling price. Which of the following is the profit mark upon cost, which will achieve the required profit margin?

(a) 25%

(b) 30%

(c) 20%

(d) None of the above.

59. Anwar Ltd. Purchased building worth Rs. 99,00,000 and issued 12% debentures of 100 each at a premium of 10%. Premium amount will be

(a) Rs. 9,00,000

(b) Rs. 8,00,000

(c) Rs. 7,00,000

(d) Rs. 10,00,000

60. Green Ltd. Issued 5,000, 6% debentures of Rs.100 each at a discount of 5% repayable after 5 years at a premium of 5%. Total loss on issue of debentures will be _____

(a) Rs. 40,000

(b) Rs. 50,000

(c) Rs. 60,000

(d) Rs. 70,000

SECTION – B : MERCANTILE LAWS (40 MARKS)

PART –I

61. Consent is not said to be free when it is caused by
    (a) Coercion
    (b) Undue Influence
    (c) Fraud
    (d) All of these

62. Which of the following statements are correct?
    (a) In the case of fraud, the person making the representation believes it to be true.
    (b) In the case of misrepresentation, the maker does not believe it to be true.
    (c) Fraud does not afford a ground for bringing an action in tort for damages; whereas misrepresentation does.
    (d) In the case of misrepresentation, the fact the plaintiff had means of discovering the truth by exercising ordinary diligence can be good defence against the repudiation of the contract but such a defence cannot be set up in the case of fraud other then fraudulent silence.

63. Which of the following statement is true?
    (a) A contract with a minor is voidable at the option of the minor.
    (b) An agreement with a minor can be ratified after he attains majority.
    (c) A person who usually of an unsound mind cannot enter into contract even when he is of a sound mind.
    (d) A person who usually of a sound mind cannot enter into contract when he is of unsound mind.

64. On the valid of the contractual obligations by the parties, the contract
    (a) is discharged.
    (b) becomes enforceable.
    (c) becomes void
    (d) None of these.

65. Consideration in simple term means:
    (a) Anything in return.
    (b) Something in return
    (c) Everything in return
    (d) Nothing in return

66. Which of the following statement is true?
    (a) There can be a stranger to a contract
    (b) There can be a stranger to a consideration

(c)   There can be a stranger to a contract & consideration

(d)   None of the above

67.   An agreement is void if it is opposed to public policy. Which of the following is not covered by heads of public policy?

(a)   Trading with an enemy

(b)   Trafficking in public offices

(c)   Marriage brokerage contracts

(d)   Contracts to do impossible acts

68.   Ordinarily, a minor's agreement is

(a)   Voidable initio

(b)   Voidable

(c)   Valid

(d)   Unlawful

69.   A contract is discharged by rescission which means the

(a)   Change in one or more terms of the contract

(b)   Acceptance of lesser performance.

(c)   Abandonment of rights by a party

(d)   Cancellation of the existing contract

70.   In case of a firm carrying on the business of banking

(a)   There should be at least seven members and maximum number of members should not exceed fifty.

(b)   There should be at least two members and maximum number of members should not exceed ten.

(c)   There should be at least ten members and maximum number of members should not exceed twenty.

(d)   There should be at least two members and maximum number of members should not exceed fifty.

71.   The bidder at an action sale can withdraw his bid:

(a)   Any time during auction

(b)   Before fall of hammer

(c)   Before payment of price.

(d)   None of these

72.   In case of sale on approval, the ownership is transfer to the buyer when he:

(a)   Accepts the goods

(b)   Adopts the transaction

(c)   Fails to return goods

(d) In all the above cases

73. The heir of the deceased partner

    (a) Has a right to become a partner in the firm of the deceased partner.

    (b) Does not have a right to become a partner in the firm of the deceased partner.

    (c) Can become a partner in the firm of the deceased partner only if the surviving partner give their consent in this regard.

    (d) Both (b) & (c)

74. The Sale of Goods Act, 1930 came into force on

    (a) 15th March, 1930

    (b) 30th July, 1930

    (c) 30th June,1930.

    (d) 1st July, 1930

75. An auction sale is complete on the:

    (a) Delivery of goods.

    (b) Payment of price.

    (c) Fall of hammer.

    (d) None of the above.

76. A share in a partnership be transferred like any other

    (a) Property

    (b) Goods

    (c) Currency

    (d) Investment

77. The maximum number of partners is mentioned in

    (a) The Partnership Act

    (b) The General Clauses Act

    (c) The Companies Act

    (d) The Societies Registration Act

78. Active partner is one who

    (a) Takes part in the business of the firm

    (b) Actively participates in co-curricular activities

    (c) Actively shares the profits.

    (d) Makes a show of authority.

79. A minor may be :

    (a) Admitted to the benefits of the partnership

    (b) A partner of the firm

(c) Representative of the firm

(d) Entitled to carry on the business of the firm

PART –II

80. The agent should be in possession of goods with the consent of the _____

    (a) Owner

    (b) Seller

    (c) Buyer

    (d) Principal

81. All contracts are _____

    (a) Agreement

    (b) Promises,

    (c) Set of promises

    (d) Proposals

82. Agreement with a minor is altogether _____

    (a) Void

    (b) Voidable

    (c) Illegal

    (d) enforceable

83. Delivered by acknowledgement is _____

    (a) Actual Delivery

    (b) Constructive Delivery

    (c) Symbolic Delivery

    (d) None of the above

84. Total substitution of new contract in place of old contract takes place in case of _____

    (a) Remission

    (b) Recission

    (c) Novation

    (d) Alteration

85. 'Buyer' means a person who

    (a) Buys Goods

    (b) Agrees to buy goods

    (c) Has bought goods

    (d) Buy or agrees to buy goods

86. An offer made to the public in general which anyone can accept and do the desired act is _____

    (a) General Offer
    (b) Special Offer
    (c) Cross Offer
    (d) Counter Offer

87. Contract of sale is _____

    (a) Executory Contract
    (b) Executed contract
    (c) Executory Contract or Executed Contract
    (d) None of the above

88. Quasi- Contracts arise _____

    (a) Where obligation are created without a contract
    (b) Where obligation are created under a contract
    (c) Out of natural causes
    (d) Out of man-made causes

89. Conditions and warranties _____

    (a) Must be expressed
    (b) Must be implied if not expressed
    (c) May either be expressed or implied
    (d) None of the above

90. The maxim 'delegates non protest delegate' means _____

    (a) A person whom authority has been given cannot delegate the authority to another
    (b) A person whom authority has been given can delegate the authority to another with prior permission
    (c) A person whom authority has been given to indemnify agent for injury caused by principal's neglect can be delegated
    (d) An authority can be delegated under protest by the person to whom authority has been given.

91. Goods are said to be in a deliverable state when _____

    (a) The buyer may take delivery of them
    (b) The buyer would, under contract, be bound to take delivery of them
    (c) The seller is in a position to delivery them
    (d) All of the above

92. In case of a sale the position of a buyer is that of _____

    (a) Owner of the goods
    (b) Bailee of the goods
    (c) Hirer of the goods

(d) None of the above

93. In case of an agreement to sell, subsequent loss of destruction of the goods is the liability of
    (a) The buyer
    (b) The seller
    (c) Both the buyer and the seller
    (d) The insurance company

94. True test of partnership is _____
    (a) Sharing of profits
    (b) Sharing of profit and losses
    (c) Mutual agency
    (d) Existence of an agreement to share profit of the business

95. The reconstitution of the firm takes place in case of _____
    (a) Admission of a partner
    (b) Retirement of a partner
    (c) Expulsion or death of a partner
    (d) All of the above

96. The liabilities of a minor when admitted to the benefits of the Partnership _____
    (a) Is confined to his share of the profits and property in the firm
    (b) Is as that of any other partner in the firm
    (c) Is similar as that of any other partner in the firm
    (d) Is unlimited

97. In case of an agreement to sell, the ownership in the goods remains with _____
    (a) The buyer
    (b) The seller
    (c) Both the buyer and seller
    (d) The Central Government or the state government, as the case may be

98. Expulsion of a partner, which is not in accordance with provisions of section 33 of the Indian partnership Act, 1932 is _____
    (a) Null and void
    (b) Null and void to some extent
    (c) Is unconstitutional
    (d) In good faith and in the interest of the partnership

99. State whether X and Yare partners in the following circumstances:

    (a) X agrees Y to carry passengers by taxi from Delhi to Gurgaon on the followings terms, namely, Y is to pay X Rs. 100 per mile per annum, and X and Y are to share to costs of repairing and replacement of the care, and to divide equally between them the proceeds of fares received from passengers.

    (b) X and Yare co-owners of a house let to a tenant. X and Y divide the net rents (after deduction of the incidental taxes; etc.) between themselves.

    (c) X and Y buy 200 bales of cotton agreeing to share the same between them.

    (d) X and Y agree to work together as carpenters but X shall receive all profit and shall pay wages to Y.

100. An auctioneer in Mumbai advertised in a newspaper that a sale of office furniture would be held on December 23, 2005 a broker came from Hyderabad to attend the auction, but all the furniture was withdrawn. The broker from Hyderabad sued the auctioneer for loss of his time and expenses. Which of the following statement(s) is correct?

    (a) The broker can get damages from the auctioneer for loss of his time and expenses.

    (b) The broker will not get damages from the auctioneer for loss of his time and expenses.

    (c) An invitation to make offer is a valid offer.

    (d) A declaration of intention by a person will give right of action to another.

SECTION – C : GENERAL ECONOMICS (50 MARKS)

101. Which of the following statements is correct?

    (a) Robbins has made economics as a form of welfare economics

    (b) The law of demand is always true

    (c) All capital is wealth but all wealth is not capital

    (d) None of the above

102. State which of the following represents macro from the national point of view.

    (a) Turnover ratio of Reliance Ltd.

    (b) Capital output ratio of Indian Industries

    (c) Debt equity ratio of TELCO

    (d) All the above

103. Which of the following can be regarded as law of economics?

    (a) Ceteris Paribus, if the price of a commodity rises the quantity demanded of it will fall

    (b) Higher the income, greater is the expenditure

    (c) Taxes have no relation with the benefits which a person derives from the state

    (d) None of the above

104. When as a result of decrease in the price of good, the total expenditure made on it decreases we say that price elasticity of demand is:

    (a) less than unity

    (b) unity

    (c) zero

    (d) greater than unity

105. The point elasticity at the mid-point on the demand curve is:

    (a) one

    (b) zero

    (c) less than one

    (d) less than zero

106. If as a result of 50 per cent increase in all inputs, the output rises by 75 per cent, this is a case of:

    (a) increasing returns to a factor

    (b) increasing returns to scale

    (c) constant returns to a factor

    (d) constant returns to scale

107. The income of a household rises by 20 per cent, the demand for computer rises by 25 per cent, this means computer (in Economics) is a/an

(a) inferior good

(b) luxury good

(c) necessity

(d) can't say

108. Which of the following is not a property of the indifference curve ?

(a) Indifference curves are convex to the origin

(b) Indifference curves slope downwards from left to right

(c) No two indifference curve can cut each other

(d) None of the above

109. The structure of the cold drink industry in India is best described as:

(a) Perfectly competitive

(b) Monopolistic

(c) Oligopolistic

(d) Monopolistically competitive

110. If the price of apples rises from Rs. 30 per kg to Rs. 40 per kg and the supply increases from 240 kg to Rs. 300 kg. Elasticity of supply is:

(a) .77

(b) .67

(c) (–) .67

(d) (–) .77

111. Which of the statement is correct ?

(a) Land is highly mobile factor of production

(b) Man cannot create matter

(c) The services of housewife are termed as production in economics

(d) None of the above

112. Under which market structure, average revenue of a firm is equal to its marginal revenue:

(a) Oligopoly

(b) Monopoly

(c) Perfect competition

(d) Monopolistic competition

113. If a seller realizes Rs. 10,000 after selling 100 units and Rs. 14,000 after selling 120 units. What is the marginal revenue here?

(a) Rs. 4000

(b) Rs. 450

(c) Rs. 200

(d) Rs. 100

114. Under which market condition, though the firms earn normal profits in the long run, there is always excess capacity with them:

(a) Perfect competition

(b) Monopoly

(c) Oligopoly

(d) Monoplistic competition

115. Price discrimination is profitable when:

(a) the elasticity of the product in different markets is same

(b) the elasticity of the product in different market is different

(c) the elasticity of the product in different market is zero

(d) none of the above.

116. The cost of one thing in terms of the alternative given up in known as:

(a) opportunity cost

(b) real cost

(c) actual cost

(d) deffered cost

117. Which of the following statements is incorrect?

(a) Even monopolist can earn losses

(b) Firms in a perfectly competitive market are price takers

(c) It is always beneficial for a firm in the perfectly competitive market to discriminate prices

(d) Economic laws are less exact than the laws of physical sciences

118. In economics, what a consumer is ready to pay minus what he actually pays, is termed as:

(a) Consumer's equilibrium

(b) Consumer's surplus

(c) Consumer's expenditure

(d) None of the above

119. The producer is in equilibrium at a point where the cost line is:

(a) above the isoquant

(b) below the isoquant

(c) cutting the isoquant

(d) tangent to isoquant

120. If the price of 'X' rises by 10 per cent and the quantity demanded falls by 10 per cent, 'X' has:
    (a) Inelastic demand
    (b) Unit elastic demand
    (c) Zero elastic demand
    (d) Elastic demand

121. Which of the following is not an economic activity?
    (a) A son looking after his ailing mother
    (b) A chartered accountant doing his own practice
    (c) A soldier serving at the border
    (d) A former growing millets

122. If real national income rises by 10 per cent and population increases by 2 per cent, per capita income will increase by:
    (a) 5 per cent
    (b) 8 per cent
    (c) 12 per cent
    (d) 6 per cent

123. Which of the following statement is correct?
    (a) Cropping pattern in India is quite balanced
    (b) India is passing through the first stage of demographic transition
    (c) India's population is second largest in the world
    (d) None of these

124. Which sector of the Indian economy contributes the largest to national income?
    (a) Primary sector
    (b) Manufacturing sector
    (c) Secondary sector
    (d) Tertiary sector

125. Economics development is
    (a) synonymous with economic growth
    (b) narrower concept than economic growth
    (c) broder concept than economic growth
    (d) none of the above

126. Which of the following is correct:
    (a) GDP at market price = GDP at factor cost plus net indirect taxes
    (b) NNP at factor cost = GNP at market price

(c) GNP at market price = NNP at market price plus net income from abroad

(d) All of the above

127. Fiscal policy is concerned with :

(a) public revenue, public expenditure and public debt

(b) controlling the BOP situation

(c) controlling the banks

(d) none of the above

128. In order to control credit and investment, the Central Bank should:

(a) decrease Cash reserve ratio

(b) decrease Bank rate

(c) buy securities in the open market

(d) sell securities in the open market

129. Pick up the correct statement:

(a) Inflation is a persistent fall in the price level

(b) The Indian direct tax structure relies on a very narrow population base

(c) Mixed income of self-employed means gross profits received by proprietors

(d) All of the above

130. Which of the following is an economic activity?

(a) Medical facilities rendered by a charitable dispensary

(b) Teaching one's own nephew at home

(c) A housewife doing household duties

(d) Watching television

131. Which of the following statement is correct ?

(a) Income tax was abolished in India in 1991

(b) Gift tax abolished in India in 1998

(c) All the States have adopted VAT

(d) Estate duty was abolished in 1995

132. Demand for intermediate consumption arises in:

(a) household consumers

(b) government enterprises only

(c) corporate enterprises only

(d) all producing sectors of the economy

133. Transfer payments refer to payment which are made:

(a) without any exchange of goods and services

(b)   to workers on transfer from one job to another

(c)   as compensation to employees

(d)   none of the above

134. Net National Product at factor cost is:

(a)   equal to national income

(b)   more than national income

(c)   less than national income

(d)   always more than the gross national product

135. The net value added method of measuring national income is also known as:

(a)   net output method

(b)   production method

(c)   industry of origin method

(d)   all the above

136. Which of the following is incorrect?

(a)   GDP at market price = GDP at factor cost plus net indirect taxes

(b)   NNP at factor cost = NNP at market prices minus net indirect taxes

(c)   GNP at market prices = GDP at market prices plus net factor income from abroad

(d)   None of the above

137. What is India's world rank in population?

(a)   First

(b)   Second

(c)   Third

(d)   Fourth

138. In which state or union territory is the literacy rate highest in the country?

(a)   Delhi

(b)   Chandigarh

(c)   Karnataka

(d)   Kerala

139. Which year is known as 'year of great divide' for India's population?

(a)   1921

(b)   1951

(c)   1991

(d)   1981

140. Which is the other name that is given to the average revenue curve?

(a)   Profit curve

(b)   Demand curve

(c)   Average cost curve

(d)   Indifference curve

141. 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

142. Which is the other name that is given to the demand curve?

(a)   Profit curve

(b)   Average Revenue curve

(c)   Average Cost Curve

(d)   Indifference Curve

143. What is the shape of the demand curve faced by a firm under perfect competition?

(a)   Horizontal

(b)   Vertical

(c)   Positively sloped

(d)   Negatively sloped

144. A horizontal supply curve parallel to the quantity axis implies that the elasticity of supply is:

(a)   zero

(b)   infinity

(c)   equal to one

(d)   greater than zero but less than one.

145. The second glass of lemonade gives lesser satisfaction to a thirsty boy, this is a clear case of:

(a)   Law of demand

(b)   Law of diminishing returns

(c)   Law of diminishing marginal utility

(d)   Law of supply

146. Which of the following statement is incorrect?

(a)   An indifference curve slopes downward to the right

(b)   Convexity of a curve implies that the slope of the curve diminishes as one moves from left right

(c)   The elasticity of substitution between two goods to a consumer is zero

(d)   The total effect of a change in the price of a good on its quantity demanded is called the price effect

147. The second chapter gives lesser satisfaction to a hungry boy. This is a clear case of:
    (a) Law of demand
    (b) Law of diminishing returns
    (c) Law of diminishing utility
    (d) Law of supply
148. Three steel plants in Bhilai Rulkela and Durgapur were set up in the
    (a) First plan
    (b) Second plan
    (c) Third plan
    (d) Fourth plan
149. About _____ per cent of the sick units in India are small units
    (a) 10 per cent
    (b) 5 per cent
    (c) 30 per cent
    (d) 98 per cent
150. Which of the following has been specifically established to meet the requirements of credit of the farmers and villagers?
    (a) ICICI Bank
    (b) Regional Rural Bank
    (c) State Bank of India
    (d) EXIM Bank

SECTION – D : QUANTITATIVE APTITUDE (50 MARKS)

151. The class having maximum frequency is called
    (a) Modal class
    (b) Median class
    (c) Mean Class
    (d) None of these

152. The errors in case of regression equation are
    (a) Positive
    (b) Negative
    (c) Zero
    (d) All these

153. Karl Pearson's coefficient is defined from
    (a) Ungrouped data
    (b) Grouped data
    (c) Both
    (d) None

154. If P (A∩B) = 0 then two events A and B are
    (a) Mutually exclusive
    (b) Equally like
    (c) Independent
    (d) Exhaustive

155. A binomial distribution is
    (a) Never Symmetrical
    (b) Never Negatively skewed
    (c) Symmetrical when p = 0.5
    (d) never positively skewed

156. As the sample size decreases, standard error
    (a) Increases
    (b) Decreases
    (c) Remains constant
    (d) Increases proportionately

157. Standard deviation of sampling distribution is itself the standard error
    (a) True
    (b) False

(c) Both

(d) None of these

158. Theoretically, A.M. is the best average in the construction of index nos. but in practice, mostly the G.M. is used

(a) False

(b) True

(c) Both

(d) None of these

159. The result of ODI matches between INDIA and ENGLAND follows

(a) Binomial distribution

(b) Poisson distribution

(c) Normal distribution

(d) (b) or (c)

160. If P (AB) = P (A) × P(B) two events A and B are said to be

(a) Dependent

(b) Equally like

(c) Independent

(d) None

161. Correlation Co-efficient is _____ of the units of measurements

(a) Dependent

(b) Independent

(c) Both

(d) None of these

162. log 64/8 is equal to _____

(a) log 64 – log 8

(b) 2^3

(c) 8 log 64

(d) None of these

163. If _____, the roots are real but unequal

(a) $b^2 – 4ac = 0$

(b) $b^2 – 4ac > 0$

(c) $b^2 – 4ac < 0$

(d) $b^2 – 4ac \leq 0$

164. _____ is the mean proportional between $4p^2$ and $9q^2$

(a) 6 pq

(b) 36 pq

(c) $6p^2q^2$

(d) None of these

165. r, bxy, byx all have _____ sign.

    (a) Different

    (b) Same

    (c) Both

    (d) None of these

166. The 8th term of series 4, 8, 16 …….. is _____.

    (a) 1024

    (b) 256

    (c) 32

    (d) 2048

167. The total no. of seating arrangement of 5 person in a row is _____.

    (a) 5!

    (b) 4!

    (c) 2 x 5!

    (d) None of these

168. In _____ the quantities are in ratios

    (a) A.M.

    (b) G.M.

    (c) H.M.

    (d) None of these

169. The present value of Rs. 10,000 due in 2 years at 5% p.a. compound interest when the interest is paid on half yearly is Rs. _____.

    (a) 9070

    (b) 9069

    (c) 9061

    (d) 9060

170. The equation of line passing through the points (1, -1) and (3, -2) is given by _____.

    (a) 2x + y + 1 = 0

    (b) 2x + y + 2 = 0

    (c) x + y + 1 = 0

    (d) x + 2 y + 1 = 0

171. $\text{Lim}_{x\to3} \dfrac{x^2-9}{x-3}$ is equal to

    (a) 0

    (b) 6

    (c) Does not exist

    (d) – 6

172. The derivative of $y = \sqrt{2x+1}$ is

    (a) $1/\sqrt{2x+1}$

    (b) $-1/\sqrt{2x+1}$

    (c) $1/2.\sqrt{2x+1}$

    (d) None of these

173. $\int \dfrac{1}{x}dx$ is equal to

    (a) x log x

    (b) $\dfrac{1}{x^2}$

    (c) log x + c

    (d) none of these

174. If $f(x)= \dfrac{1}{x} - x$, $f\left(\dfrac{1}{2}\right)$ is

    (a) 3/2

    (b) 2/3

    (c) 1

    (d) 0

175. The sum of square of first natural numbers.

    (a) $\dfrac{n}{2}(n+1)$

    (b) $\dfrac{n}{6}(n+1)(2n+1)$

    (c) $\left[\dfrac{n}{2}(n+1)\right]^2$

    (d) None of these

176. P_{10} is the index for time

    (a)   1 on 0

    (b)   0 on 1

    (c)   1 on 1

    (d)   0 on 0

177. If a sample of 500 eggs produces 25 rotten eggs arranges, then the estimates of SE of the proportion of rotten eggs in the sample is

    (a)   0.01

    (b)   0.05

    (c)   0.028

    (d)   0.0593

178. The mode of the nos. 7, 7, 9, 7, 10, 15, 15, 15, 10 is

    (a)   7

    (b)   10

    (c)   15

    (d)   7 and 15

179. There are 11 trains plying between Delhi & Kanpur. The number of ways in which a person can go from Delhi to Kanpur and return by a different train.

    (a)   121

    (b)   100

    (c)   110

    (d)   None of these

180. If in a party every person gives a gifts to each other and total number of gift taken is 132. The number of guests in the party is

    (a)   11

    (b)   12

    (c)   13

    (d)   14

181. The sum of certain numbers of terms of an AP series –6, -3, 0 ...... is 225. The number of terms is

    (a)   16

    (b)   15

    (c)   14

    (d)   13

182. If each item is reduced by 12 A.M. is
    (a) Reduced by 12
    (b) Increased by 12
    (c) Unchanged
    (d) None of these
183. If x and y are perfectly related by $2x + 3y + 4 = 0$ and SD of x is 6 then SD of y is
    (a) 22
    (b) 4
    (c) 25
    (d) 8.30
184. If $f(x+1) = 2x + 7$ then $f(-2)$ is
    (a) 1
    (b) 2
    (c) 3
    (d) 4
185. The roots of the equation $4^{x+1} + 4^{1-x} = 10$ are
    (a) $\dfrac{1}{2}, -\dfrac{1}{2}$
    (b) $2, -2$
    (c) $1, -1$
    (d) None of these
186. An employer recruits experienced and fresh workmen for his firm under the condition that he cannot employ more than 12 people. It can be related by the inequality
    (a) $x + y \neq 12$
    (b) $x + y \leq 12$
    (c) $x + y \geq 12$
    (d) None of these
187. There are 5 bags of wheat weighing on an average 102 kgs and another 8 bags weighing 98 kgs on an average. What is combined mean of 13 bags.
    (a) 109.54
    (b) 99.54
    (c) 95.54
    (d) None of these
188. The standard deviation of 25, 32, 43, 53, 62, 59, 48, 31, 24, 33 is
    (a) 13.23

(b) 12.33

(c) 11.13

(d) None of these

189. A bag contains 5 white and 10 blackballs. Three balls are taken out at random. Find the probability that all three balls drawn are black .

(a) 16/91

(b) 42/91

(c) 24/91

(d) None of these

190. A card is drawn from a well shuffled pack of playing Cards. Find the probability that it is a king or a Queen

(a) 1/13

(b) 1/4

(c) 2/13

(d) 2/4

191. If x and y are related as 4x + 3y + 11 = 0 and mean deviation of x is 2.70. what is mean deviation of y?

(a) 7.20

(b) 14.40

(c) 3.60

(d) None of these

192. $\int x.e^{ax}dx$ is

(a) $\dfrac{e^{ax}}{a}\left(x-\dfrac{1}{a}\right)$

(b) $-\dfrac{e^{ax}}{a}$

(c) log x

(d) $\dfrac{e^{ax}}{a}\left(\dfrac{1}{a}-x\right)$

193. $\dfrac{d}{dx}\sqrt{\log x}$

(a) $\dfrac{1}{2x\sqrt{\log x}}$

(b) $2x.\sqrt{\log x}$

(c) $\dfrac{1}{\sqrt{\log x}}$

(d) $\dfrac{1}{x}$

194. Evaluate $\displaystyle\int_{0}^{\pi/2} \left(\dfrac{\sqrt[4]{\cos x}}{\sqrt[4]{\sin x} + \sqrt[4]{\cos x}} \right) dx$

(a) -1

(b) 0

(c) $\dfrac{\pi}{4}$

(d) 1

195. In how many ways can 7 persons be seated at a round table if 2 particular persons sit together.

(a) 420

(b) 1440

(c) 240

(d) None of these

196. Three numbers are in A.P. whose sum is 69 and the product of first two is 483. Numbers are

(a) 25, 23, 21

(b) 21, 23, 25

(c) 19, 22, 25

(d) None of these

197. The line joining (-1, 1) and (2, -2) and the line joining (1, 2) and (K, 3) are perpendicular to each other for the value of K.

(a) 2

(b) 0

(c) -2

(d) None

198. A machine for which the useful life is estimated to be 5 years cost Rs. 5000. rate of depreciation is 10% p.a. The scrap value at the end of its life is:

(a) 2952.45

(b) 2500.00

(c) 3000.00

(d) 2559.50

199. The sum of series 8, 4, 0 …… to 50 terms is

    (a)   18900

    (b)   9000

    (c)   −4500

    (d)   None of these

200. The number of subset of set {2, 4, 6} is

    (a)   12

    (b)   8

    (c)   6

    (d)   None of these