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………

ALL THE VERY BEST FOR YOUR EXAMS

SAMPLE QUESTIONS FOR
CAIIB
ADVANCED BANK MANAGEMENT

Though we had taken enough care to go through the questions, we request everyone to update yourself with the latest information through RBI website and other authenticated sources. In case you find any incorrect/doubtful information, kindly update us also (along with the source link/reference for the correct information).

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2

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Advanced Bank Management

XYZ Pvt Ltd has the following assets and liabilities as on 31st March 2016 (in Lakhs) :

Non Current Assets
Goodwill   75
Fixed Assets   75
Current Assets
Cash in hand   25
Cash in bank   50
Short term investments 45
Inventory   25
Receivable   100
Current Liabilities
Trade payables 100
Income tax payables   60
Non Current Liabilities
Bank Loan   50
Deferred tax payable   25

Find the Quick Ratio

a. 1.38
b. 1.42
c. 1.46
d. 1.52

Ans - a

Solution :

Quick Ratio = (Cash in hand + Cash at Bank + Receivables + Marketable Securities) / Current Liabilities
= (25+50+45+100) / 160
= 220 / 160
= 1.38

……………………………….

XYZ shoes sells shoes. It is applying for loans to help fund to increase the inventory. The bank asks for its balance sheet so they can analysis the current debt levels. According to XYZ shoes's balance sheet it reported 10,00,000 of current liabilities and only 2,50,000 of current assets. Will the loan get approved?

a. 0.25
b. 0.5

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c. 0.75
d. 1

Ans - a

Solution :
Current Ratio = Current Assets / Current Liabilities
= 250000 / 1000000
= 0.25

XYZ shoes only has enough current assets to pay off 25 percent of his current liabilities. This shows that XYZ shoes is highly leveraged and highly risky. Banks would prefer a current ratio of at least 1 or 2, so that all the current liabilities would be covered by the current assets. Since XYZ shoes's ratio is so low, it is unlikely that it will get approved for his loan.

....

ABC Agency has several loans from banks for equipment they purchased in the last five years. All of these loans are coming due which is decreasing their working capital. At the end of the year, they had 1,00,000 of current assets and 1,25,000 of current liabilities. Find out its Working Capital Ratio.

a. 0.6
b. 0.8
c. 1
d. 1.2

Ans - b

Solution :
The working capital ratio is calculated by dividing current assets by current liabilities.

WC Ratio = CA/CL
= 100000 / 125000
= 0.80

....

Suppose you purchased a bond Rs.1000 for Rs.920. The interest is 10 percent, and it will mature in 10 years. Calculate Yield to maturity

a. 10.75 %
b. 11.00 %
c. 11.25 %
d. 11.50 %

Ans – c

………

……

Solution :
C=Coupon payment
F=Face value
P=Price
n=Years to maturity
Yield To Maturity=C+(F-P/n)/(F+P/2)
=100+(1000-920/10)/(1000+920/2)
=100+(80/10)/(1920/2)
=100+8/960
=108/960
=0.1125
=11.25%

....

A company has 1,00,000 of bank lines of credit and a 5,00,000 mortgage on its property. The shareholders of the company have invested 12,00,000. Calculate the debt to equity ratio.

a. 0.25
b. 0.5
c. 0.75
d. 1

Ans - b

Solution :
DER = TL / Total Equity
= (100000+500000) / 1200000
= 600000 / 1200000
= 0.5
....

A company has total assets at 1,50,000 and its total liabilities are 50,000. Based on the accounting equation, we can assume the total equity is 1,00,000. Find the Equity Ratio.

a. 0.33
b. 0.5
c. 0.67
d. 0.75

Ans – c
Solution :
ER = Total Equity / TA
= 100000 / 150000
= 0.67

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………

Choose incorrect startement(s) out of the following:

a. Business cycles are highly unpredictable
b. Economic activity is at itslowest level during the recession phase
c. During boom period production capacities are fully utilized
d. None of the above

Ans - b

....

Mechanistic (or Behaviorist) theories, Cognitive theories and Organismic (humanistic. theories are three theories of learning. Which one of these theories equates man with his brain?

a. Behaviorist or mechanistic theories
b. Cognitive theories
c. Organismic or humanistic theories
d. All of the above

Ans - b

....

In balance sheet amount of total assets is Rs 10 lac , current liabilities Rs 5 lac and capital and reserves Rs 2 lac. What is the debt-equity ratio?

a. 1:1
b. 1.5:1
c. 1.75:1
d. 2:1

Ans - b

Let me Explain

As per Balance sheet rule Total assets = Total liabilities
Since total assets here is Rs 10 lac hence total liabilities must be 10 lac.
Now Long term debt = 10-(5+2)=3 lac and capital + reserve(TNW i.e tangible net worth) = 2 lac
Since DER = TL/TNW or debt/ equity or TL/ equity hence 3/2 = 1.5 lac

....

Working capital turn over ratio is 6 and current ratio is 2:1. If current liabilities are Rs 10 lac and net profit to sales percent 5% . What is the amount of net profit?

a. Rs 10 lac
b. Rs 8 lac

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6

……

c. Rs 7 lac
d. Rs 6 lac

Ans - d

Let me Explain

Since CR=2:1 and liabilities are 10 lac
Hence current asset will be 20 lac
Now since wc turn over is 6 that means the total turn over will be 20×6= 120 lac
Then profit should be 120×5%=6 lac
....

DER is 3:1, the amount of total assets Rs 20 lac , current ratio is 1.5:1 and owned funds Rs 3 lac. What is amount of current assets?

a. 3 lac
b. 5 lac
c. 12 lac
d. 15 lac

Ans - c

Let me Explain

Owned fund= equity= 3 lac
Since DER = 3:1
i.e Debt: equity = 3:1
Hence Debt = 9 lac
(if we consider debt and equity as long term liabilities then term liability works out to 12(9+3 lac)
Here total assets is 20 lac
Now as per balance sheet equation total Assets= total liabilities
Hence here total liabilities will be 20 lac also
Now term liabilities of Rs 12 lac and remaining 8 lac as current liabilities (12+8=20)
Hence CL=8 lac
Since here CR=1.5:1 then
1.5:1=CA:8
i.e CA= 1.5×8=12 lac
....

For the purpose of macro-economic analysis, domastic territory of a country does not include:

a. Fishing vessels operated by residents of India
b. American embassy in New Delhi

……

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……

c. Indian embassy in Italy
d. Aero-planes owned and operated by Air India between Inia and Japan

Ans - b

....

Which of the follwing cannot be included in capital as factor ofproduction?

a. Factory building
b. river
c. machinery
d. car used for factory work

Ans - b

....

...... theories equate man with his brain, based on the proposition that one thing that distinguishes human beings from other living things is that they possess brains that are capable of critical thinking and problem solving.

a. Cognitive Theories
b. Behaviourist Theories
c. Organismic Theories
d. Humanistic Theories

Ans - a

....

A bond has been issued with a face value of Rs. 20000 at 12% Coupon for 3 years. The required rate of return is 10%. What is the value of the bond?

a. 20595
b. 29095
c. 25095
d. 20995

Ans - d

Explanation :

Here,

FV = 20000
Coupon Rate (CR) = 0.12

……

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………

t = 3 yr
R (YTM) = 0.10
Coupon = FV × CR = 2400

Bond Price = (1/(1+R)^t)((coupon*((1+R)^t-1)/R)+Face Value)

So, Value of bond = 20995

(Since Coupon rate > YTM, so FV < Bond's Value)

....

A person with .... locus of control is geared to look for resources around him, anticipate events and doesn't wait for things to happen.

a. External
b. Internal
c. Patent
d. Providential

Ans - b

....

Calculate Inflation, if Price index in current year is 13 and price index in base year is 10.

a. 20
b. 25
c. 30
d. 35

Ans - c

solutions :

Inflation = (price index in current year-price index in base year)/(price index in base year)*100
 = (13-10)/10*100
 = 3/10*100
 = 30

....

...... is the rate at which banks park their short term excess liquidity with the RBI.

a. Reverse Repo rate
b. Repo Rate
c. OMO

………

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……

d. Bank rate

Ans - a

....

Mr.Raj work in an international bank as an Accountant. Match his congruent occupation with his personality type as per john Holland personality job fit theory.

a. Social
b. Investigative
c. Realistic
d. Conventional

Ans - d

....

The DER is 3:1 , the amount of total assets Rs 20 lac , current ratio is 1.5:1 and owned funds Rs 3 lac. What is the amount of current asset ?

a. 3 lac
b. 5 lac
c. 12 lac
d. 15 lac

Ans - c

....

Find the present value of quarterly payment of Rs. 250 for 5 years @ 12% compounded quarterly.

a. 3179
b. 3019
c. 3109
d. 3719

Ans - d

Explanation :

Here,

P = Rs. 250
T = 5 years = 5 × 4 = 20 quarters
R = 12% = 12% ÷ 4 = 0.03% quarterly

……

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……

PV = P / R * [(1+R)^T - 1]/(1+R)^T
PV = 250 × (1.0320 − 1) ÷ (0.03 × 1.0320)
= 3719

....

What is the discount factor for Re. 1 to be received at the end of 2 yr with prevalent rate of 8% ?

a. 0.890
b. 0.873
c. 0.857
d. 0.842

Ans - c
Solution :
 = 1/(1+r)n
 = 1/(1.08)^2
 = 0.857

....

Right hemisphere control left side of body and perform so many activity given below except one.

a. Holistic
b. Emotional
c. Recognition of complex figures
d. Controlled

Ans - d
....

The process of capturing the tacit knowledge of people in a systematic manner for future use is not called as ...... (i) Data entry, (ii) Information technology, (iii) Knowledge management

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

Ans - a
....

Which of the following factor/s affect elasticity of demand? (i) Share in the total expenditure, (ii) Multiple uses of the commodity, (iii) Availability of close substitutes

a. Only (i) and (ii)

……

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……

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

Ans - d

....

Mr. Ganguli is a brilliant manager in ABC Bank. He is one of the few persons picked up by the top management from an IIM after MBA. Always on two phones at a time, he boasts about having no patience with the laggards. Often, he can be heard aggressively yelling at people on small issues. What type of person is Mr. Ganguli?

a. Type A personality
b. Type B personality
c. Type C person
d. Type D person

Ans - b

....

What is most essential for achieving Work-Life balance?:

a. Time management
b. Efficiency
c. Assertiveness
d. Emotional maturity

Ans - d

....

The system's costs are projected at which stage of the SDLC?

a. Planning and Analysis
b. Design
c. Implementation
d. Operation and Maintenance

Ans - b

....

According to personality job fit theory of John Holland, there are 6 types of personality. Which of the following are among such personality? (i) realistic, (ii) conventional, (iii) artistic

a. Only (i) and (ii)

………

………

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

Ans - d

....

There is a pattern of change within a year and the pattern is regular in ......

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

Ans - c

....

The value of the variable is unpredictable and changing in a random manner in ......

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

Ans - d

....

Pick the correct sentence(s):

a. Cyclical variation tends to oscillate above and below the secular trend line for periods longer than a year.
b. Seasonal variation makes a complete regular cycle within each year and does not affect one year any more than another.
c. both a and b
d. none of these

Ans - c

....

Revenue reserve represents accumulated retained earnings from the profits of normal business operations. These are held in various form that is given below. Pick up odd one.

a. General reserve
b. Investment allowance reserve

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………

c. Advance payment received
d. Capital redemption reserve

Ans - c

....

The people component is becoming the key factor to success of strategy ......

a. For survival
b. For growth
c. For achieving excellence.
d. For social status

Ans - d

....

Frequency of review should vary depending on the magnitude of risk for the average risk account.

a. 01 month
b. 03 months
c. 06 Months
d. 12 Months

Ans - c

....

A bond has been issued with a face value of Rs. 1000 at 10% Coupon for 3 years. The required rate of return is 8%. What is the value of the bond if the Coupon amount is payable on half-yearly basis?

a. 1520
b. 1052
c. 1205
d. 1025

Ans - b

Explanation :

Here,

FV = 1000
CR = 10% half-yearly = 5% p.a.
Coupon = FV × CR = 50
R = 8% yearly = 4% p.a.

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………

t = 3 years

Bond Price = (1/(1+R)^t)((coupon*((1+R)^t-1)/R)+Face Value)

= 1052

(Since Coupon rate > YTM, so FV < Bond's Value)

....

The target given for advances to weaker sections in percentage of ANBC

a. 10% for domestic banks
b. 12% for foreign banks
c. No target for domestic banks
d. 10% for foreign banks

Ans - a

....

In case of company, the charge should be registered with ROC within ...... days from the date of execution of documents

a. 15 days
b. 30 days
c. 45 days
d. 2 months

Ans - b

....

Base Rate is determined in each bank by ......

a. ALCO
b. BPLR
c. ALM
d. DSCR

Ans - a
Asset Liability Management Committee (ALCO)

....

Mark the incorrect statement

a. No target is given to domestic banks for small enterprise advances

……

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……

b. No target is given for agriculture advances in for foreign banks
c. Export credit does not form a part of priority sector for domestic banks
d. Export credit does not form a part of priority sector for foreign banks

Ans - d

....

...... is/are not prominent features of Type B personalities. (i) Doing several things at one time, (ii) Feeling guilty when relaxing, (iii) Being aggressive

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

Ans - d

....

Which theories don't equate man with his brain ? (i) Organismic Theories, (ii) Mechanistic or Behaviourist Theories, (iii) Humanistic Theories

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

Ans - d

....

To give an overview of the organization 2.To inform Organization Vision / Mission and Objectives statement, its structure and hierarchy 3. To give an overview of the HR policies and processes and introduction to the Facilities team, IT team and other relevant teams per the location of joining. Which are not the objectives for the above? (i) Selection, (ii) Induction,
(iii) Recruitment

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

Ans - b

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……

Which of the following are types of in-house support for dismissed employees? (i) Skills training by consultants, (ii) Advice on redundancy payments., (iii) Disseminating information about current vacancies elsewhere.

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

Ans - c

....

A firm has the following financial figures from its balance sheet :

Capital→ Rs 12 lac
Reserve → Rs 4 lac
Unsecured loan→ Rs 5 lac
Current assets → Rs 16 lac
Pre operative expenses→ Rs 2 lac
Its net worth = ?

a. 12 lac
b. 14 lac
c. 16 lac
d. 18 lac

Ans - b

....

...... is for learning related to present job.

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

Ans - a

....

The belief that an individual can or can't change the things is called ......

a. Career anchor
b. Initiative
c. Locus of control

……

………

d. Self Actualization

Ans - c

....

An investment at 10% is compounded monthly, what shall be the effect interst rate for this?

a. 10.18 %
b. 10.25 %
c. 10.47 %
d. 10.51 %

Ans - c

Solution :
 = $(1+0.10/12)^{12}-1$
 = 10.47

....

A console bond of Rs. 10000 is issued at 6%. Coupon current interst rates and 9%. Find out the current value of the console bond.

a. Rs.7660
b. Rs.6760
c. Rs.6667
d. Rs.6676

And - c

Solution :
 = 10000*0.06/0.09
 = 6000/0.09
 = 6670

....

A 15 year, 8 % Rs 1000 face value bond is currently trading at Rs 958. The YTM of this bond must be......

a. less than 8%
b. equal to 8%
c. greater than 8%
d. unknown

Ans - c

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Of the following bonds, which one has the highest degree of interest rate risk?

a. 20 years 8% bond
b. 5 years 8% bond
c. 10 years 8% bond
d. not enough information

Ans - a

....

A sum of Rs. 25, 000 is borrowed over 8 years. What will be the monthly repayments @ 18% compounded monthly?

a. 439
b. 493
c. 394
d. 349

Ans - b

Explanation :

Here,
PV = Rs. 25000
T = 8 years = 8 × 12 = 96 months
R = 18% = 18% ÷ 12 = 0.015% monthly

PV = P / R * [(1+R)^T - 1]/(1+R)^T
25000 = P × (1.01596 − 1) ÷ (0.015 × 1.01596)
25000 = P × 50.7017
P = 25000 / 50.7017
  = 493
....

XYZ Ltd has just issued a 10 year 7 % coupon bond. The face value of the bond is Rs 1000 and the bond makes annual coupon payments. If the required return on the bond is 10%, what is the bond's price?

a. Rs 815.66
b. Rs 923.67
c. Rs 1000.00
d. Rs 1256.35

Ans - a

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……

Mechanistic Theories of Knowles are also called as ......

a. Cognitive Theories
b. Behaviourist Theories
c. Organismic Theories
d. Humanistic Theories

Ans - b

....

It is a method of reducing stress and tension and stimulate creative thinking......

a. Stress reducing exercise
b. split brain psychology
c. ESB
d. Physical exercise and yoga

Ans - c

....

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

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

Ans - b

....

ABC Ltd just issued a 10 year 7% coupon bond. The face value of the bond is Rs 1000 and the bond makes semiannual coupon payments. If the required return on the bond is 10% , what is the price of bond?

a. Rs 815.66
b. Rs 1000.00
c. Rs 813.07
d. Rs 1035.27

Ans - c

....

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Humanistic Theories of Knowles are also called as ......

a. Cognitive Theories
b. Behaviourist Theories
c. Organismic Theories
d. Mechanistic Theories

Ans - c

....

BPLR system of lending rates was replaced by base rate system with effect from ...

a. 01 Jun 2010
b. 01 Jul 2011
c. 01 Jun 2011
d. 01 Jul 2010

Ans - d

....

A company has net worth of Rs 10 lac, term liabilities are Rs 10 lac. Fixed Assets worth Rs 16 lac and current assets are Rs 25 lac. There is no intangible assets or the non current assets. Calculate it's net working capital.

a. 1 lac
b. 2 lac
c. 3 lac
d. 4 lac

Ans - d

Let me Explain

Here Net worth = capital + reserve = 10 lac
Since capital is a kind of liability hence liability = 10 lac
Liabilities = 10+10 = 20 lac
Assets= 16+25= 41 lac
But as per balance sheet Total assets = Total liabilities
Hence liabilities must be 41 lac also
In 41 lac (41-20= 21) i.e 21 lac will be CL
NWC = CA-CL
= 25 - 21
= 4 lac

....

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……

A company has total assets at 1,50,000 and its total liabilities are 50,000. Based on the accounting equation, we can assume the total equity is 1,00,000. Find the Debt Ratio.

a. 0.33
b. 0.5
c. 0.67
d. 0.75

Ans - a

Solution :
DR = TL / TA
= 50000 / 150000
= 0.33

....

Seela's Tech Company is a tech start up company that manufactures a new tablet computer. Seela is currently looking for new investors and has a meeting with an angel investor. The investor wants to know how well Seela uses her assets to produce sales, so he asks for her financial statements. Here is what the financial statements reported:

Beginning Assets: 50,000
Ending Assets: 1,00,000
Net Sales: 25,000

The total asset turnover ratio is ......

a. 0.33
b. 0.5
c. 0.67
d. 0.75

Ans - a

Solution :
Asset Turnover Ratio or Total Asset Turnover Ratio = Net Sales / Average Total Assets
= 25000 / ((50000+100000)/2)
= 25000 / (150000/2)
= 25000 / 75000
= 0.33
As you can see, seela's ratio is only 0.33. This means that for every Rupee in assets, seela only generates 33 Paisa. In other words, Seela's start up is not very efficient with its use of assets.
....

……

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……

An urn contains 10 black balls and 5 white balls. 2 balls are drawn from the urn one after other without replacement. What is the probability that both drawn are black ?

a. 2/7
b. 3/7
3 4/7
d. 6/7

Ans - b

....

Which of the following is not the layer in data warehouse architecture?

a. External database layer
b. Metadata layer
c. Data staging layer
d. None of these

Ans - d

....

Which of the following is the approach that a data mining tool uses?

a. Association
b. Classification
c. Clustering
d. All of the above

Ans - d

....

If A invests Rupees 100 at 7% interest rate for 3 years, what will be the value at the end of 3 years?

a. 125.20
b. 122.50
c. 152.50
d. 120.50

Ans - b

....

In MICR Code how many digits are available?

a. 13

………

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………

b. 11
c. 10
d. 9

Ans - d

....

A loan for which only interest is paid during its repayment period while the principal is repaid at the end is called ......

a. Term loan
b. Interest demand loan
c. Lumpsum payment loans
d. Balloon repayment loan

Ans - d

....

A 5-year Govt. bond with a coupon rate of 8% has a face value of 1000. What is the annual interest payment?

A. 80
B. 40
C. 100
D. None of the above

Ans - a

....

Which of the following is Capitalistic Economy?

a. England
b. China
c. India
d. None of these

Ans - a

....

Who gave welfare theory of economics?

a. Alfred Marshall
b. Lionel Robbions
c. Adam Smith

………
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………

d. None of these

Ans - a

....

Economic Sector reforms were started in India in ......

a. 1983
b. 1985
c. 1991
d. 1981

Ans - c

....

You are receiving Rs. 10000 every year for the next 5 years (at the end of the period) and you invest each payment @ 5%. How much you would have at the end of the 5-year period?

a. 55526
b. 55652
c. 55265
d. 55256

Ans - d

Explanation :

Here,
P = 10000
R = 5% p.a.
T = 5 yrs

If invested at the end,

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

FV = 10000 × (1.05^5 − 1) ÷ 0.05
   = 55256

....

In ...… phase of business cycle, unemployment will be widespread.

a. Recession
b. Depression

………

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………

c. Recovery
d. Boom

Ans - a

....

Factors of production are categorized into ...... categories.

a. 2
b. 3
c. 4
d. 5

Ans - c

....

Demand Schedule is the ......

a. Relationship between demand and quantity bought
b. Relationship between price and quantity bought
c. Relationship between price and demand
d. None of these

Ans - b

....

A market equilibrium comes at the price at which quantity demanded equals to quantity ......

a. Produced
b. Supplied
c. in Inventory
d. in Stock

Ans - b

....

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

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

Ans – b

………

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………

A quarterly repayments of a loan carry an interest rate of 8 % per annum. What is the effective annual interest rate?

a. 8.4 %
b. 8.2 %
c. 8.3 %
d. 8.5 %

Ans - b

Solution :
EAR i = (1 + r/m)^m - 1]
    = (1+8/4)^4-1)
    = 8.2

....

Seasonal variation is...

a. Repetitive
b. Predictable
c. Both a and b
d. None of the above

Ans - c

....

The probability that we associate with an interval estimate is called ...

a. Estimate level
b. Confidence Level
c. Probability Level
d. None of the above

Ans - b

....

Given,

Corporation tax	- Rs. 1000 Crores
Income tax	- Rs. 800 Crores
Other taxes and duties	- RS. 600 Crores
Customs	- RS. 800 Crores
Union exercise tax	- Rs. 600 Crores
Service tax	- Rs. 500 Crores

………

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……

Tax of union territories- Rs. 300 Crores
Interst receipt   - Rs. 500 Crores
Devident & profit   - Rs. 700 Crores
External grant   - Rs. 300 Crores
Other non tax revenue   - Rs. 1000 Crores
State Share   - Rs. 600 Crores
Receipt of union territories - Rs. 800 Crores
Trf to NCCD (National calamity Contingency fund) - Rs. 300 Crores

calculate Net Tax revenue ...

a. Rs 2900 Crores
b. Rs 3700 Crores
c. Rs 4000 Crores
d. Rs 4600 Crores

Ans - b

Solution :

Net Tax Revenue = Gross tax revenue - NCCD transferred to the National Calamity Contingency fund - state share

Gross Tax revenue = Corporation Tax + Income tax + other tax & duties + costoms + union excise duties + service Tax + taxes on union territories
    = 1000+800+600+800+600+500+300
    = 4600 Crores

Net Tax Revenue = Gross tax revenue - NCCD transferred to the National Calamity Contingency fund - state share
    = 4600-300-600
    = 3700 Crores
....

When chiken prices rise 30%, the quantity of KFC fried chicken supplied rises by 15%. Calculate the price elasticity of supply.

a. 0.50
b. 0.65
c. 0.75
d. 0.85

Ans - a

……

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………

Solution :

Price Elasticity of Supply = (% change in quantity supplied) / (% change in price)
  = 15/30 = 0.5

....

In Random Sampling, we pick up one, we note it down, put it back with the remaining and pick the next one. This is called...

a. Sampling with replacement
b. Simple random sampling
c. Sampling without replacement
d. None of the above

Ans - a

....

The cabin of a bank branch manager gives an untidy look and messy appearance. His table is full of papers. He is exhibiting ...... (i) type A behavior, (ii) type B behavior

a. Only (i)
b. Only (ii)
c. Either (i) or (ii)
d. Neither (i) nor (ii)

Ans - a

....

Population of a town is 100000. The rate of change is 4% p.a. what it will be after 5 years?

a. 112665
b. 116265
c. 126615
d. 121665

Ans - d

Explanation :

Here,

P = 100000
R = 4%
T = 5 yrs

………

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………

FV = P*(1+R)^T
FV = 10000*(1+0.04)^5
= 121665

....

As you set tighter confidence interval, you would get to a ... level

a. higher
b. lower
c. either higher or lower
d. none of the above

Ans - b

....

Pick odd man out

a. Securities issued against Small Savings
b. Recoveries of Loans & Advances
c. State Provident Funds
d. Other Receipts

Ans - b

....

Personal Consumption expenditure on households divided into;

a. Durable goods
b. Non-durable goods
c. Services
d. All of the above

Ans - d

....

Market Price is the …… for which goods or service is offered at the market place.

a. Nominal Price
b. Economic Price
c. Marginal Price
d. Deficit Price

Ans - b

....

………

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……

Govind's Furniture Company sells industrial furniture for office buildings. During the current year, it reported cost of goods sold on its income statement of 10,00,000. Govind's beginning inventory was 30,00,000 and its ending inventory was 40,00,000. Govind's turnover is ...... times.

a. 0.25
b. 0.29
c. 0.33
d. 0.37

Ans - b

Solution :

Inventory Turnover Ratio = Cost of Goods Sold / Average Inventory
= 1000000 / ((3000000+4000000)/2)
= 1000000 / (7000000/2)
= 1000000 / 3500000
= 0.29 Times

This means that Govind only sold roughly a third of its inventory during the year. It also implies that it would take Govind approximately 3 years to sell his entire inventory or complete one turn. In other words, Govind does not have very good inventory control.

....

Raju's Furniture Company sells industrial furniture for office buildings. During the current year, Raju reported cost of goods sold on its income statement of 25,00,000. Raju's beginning inventory was 40,00,000 and its ending inventory was 60,00,000. Calculate Raju's Furniture Company's Inventory Turnover Ratio.

a. 0.25
b. 0.33
c. 0.5
d. 0.67

Ans - c

Solution :

Inventory Turnover Ratio = Cost of goods sold / Average inventory for that period
= 2500000 / ((4000000 + 6000000)/2)
= 2500000 / 5000000
= 0.5
....

……

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………

Go through the following data and answer the question.

1. Consumptions - Rs. 100000 Cr
2. Gross investment - Rs. 75000 Cr
3. Govt spending - Rs. 25000 Cr
4. Export - Rs. 100000 Cr
5. Import - Rs. 75000 Cr
6. Indirect Taxes - Rs. 15000 Cr
7. Subsidies(on production and import) - RS. 10000 Cr
8. Compensation of employee - Rs. 500 Cr
9. Property Income - Rs. 500 Cr
   7,8,9 - Net receivable from aboard
10.Total capital gains from overseas investment - Rs. 20000 Cr
11.Income earned by foreign national domestically - Rs. 10000 Cr

Calculate GDP at cost factor

a. Rs. 220000 Cr
b. Rs. 225000 Cr
c. Rs. 230000 Cr
d. Rs. 235000 Cr

Ans - a

Solution :

GDP = Consumption + Gross investment + Government spending + (Exports - Imports)
GDP = C+I+G+(X-M)
   = 100000+75000+25000+(100000-75000)
   = 225000

GDP at factor rate
= GDP-(Indirect taxes-subsidies)
= 225000-(15000-10000)
= 220000

…………………………………………

Demand for a product at Rs. 25 per unit is 1000. If the price elasticity of demand is 1.5, how much the demand will be at Rs. 40 per unit?

a. 240
b. 200
c. 160

………

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……

d. 120

Ans - c

Solution :

Price Elasticity of Demand = % Change in Quantity Demanded / % Change in Price

% Change in Quantity Demanded = 1000-x/1000*100 = (1000-x)/10
% Change in Price = 15/25*100 = 60

Price Elasticity of Demand = % Change in Quantity Demanded / % Change in Price
1.5 = ((1000-x)/10)/60
90 = (1000-x)/10
900 = 1000-x
x = 1000-900
x = 100

....

Summary of a Balance sheet of XYZ Company

Current Liabilities (in Crores)

Cash Credit - 3200
Trade Creditors - 9500
Other Current Liabilities - 2000

Total Current Liabilities - 14700

Current Assets (in Crores)

Cash - 5000
Inventory - 14000
Debtors - 4200
Other Current Assets - 2000

Total Current Assets - 25200

Find out

1. Current Ratio

a. 1.61

………

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……

b. 1.71
c. 1.81
d. 1.91

Ans - b

Current Ratio = CA/CL = 25200/14700 = 1.71

2. Acid-Test Ratio

a. 0.71
b. 0.76
c. 0.81
d. 0.86

Ans - b

Acid-Test Ratio = Quick Assets/CL = (CA-Inv)/CL = (25200-14000)/14700 = 11200/14700 = 0.76

3. Net Working Capital

a. 10000
b. 10500
c. 11000
d. 11500

Ans - b

Net Working Capital = CA - CL = 25200 - 14700 = 10500

4. Working Capital Gap

a. 12700
b. 13200
c. 13700
d. 14200

Ans - c

Working Capital Gap = CA - (CL - BB) = 25200 - (14700 - 3200(CC)) = 25200 - 11500 = 13700

5. MPBF as per Tandon Committee - Method-I

a. 10275

……

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……

b. 10775
c. 13700
d. 17300

Ans - a

MPBF as per Tandon Committee - Method-I = WCG - 25% of WCG = 13700 - 25% of 13700 = 13700 - 3425 = 10275

6. MPBF as per Tandon Committee - Method-II

a. 6200
b. 6700
c. 7200
d. 7400

Ans - d

MPBF as per Tandon Committee - Method-II = WCG - 25% of CA = 13700 - 25% of 25200 = 13700 - 6300 = 7400

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

a. 1.01
b. 1.06
c. 1.11
d. 1.16

Ans - d

Current Ratio as per Tandon Committee - Method-I = CA / (MPBF + Trade Creditors + Other CL) = 25200 / (10275+9500+2000) = 25200 / 21725 = 1.16

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

a. 1.07
b. 1.09
c. 1.23
d. 1.33

Ans - d

Current Ratio as per Tandon Committee - Method-II = CA / (MPBF + Trade Creditors + Other CL) = 25200 / (7400+9500+2000) = 25200 / 18900 = 1.33

……

……

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

a. 7025
b. 7075
c. 7125
d. 7175

Ans - b

Borrowing by the way of Cash Credit = 3200
MPBF as per Tandon Committee - Method-I = 10275
So, Borrowing by the way of Cash Credit is short by (10275 - 3200) = 7075 Crores

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

a. 4200
b. 4600
c. 5000
d. 5400

Ans - a

Borrowing by the way of Cash Credit = 3200
MPBF as per Tandon Committee - Method-II = 7400
So, Borrowing by the way of Cash Credit is short by (7400 - 3200) = 4200 Crores

....

Working capital turn over ratio is 4 and current ratio is 3:1. If current liabilities are Rs. 15 lac and net profit to sales percent 7%, what is the amount of net profit?

a. Rs. 10.2 lac
b. Rs. 11.4 lac
c. Rs. 12.6 lac
d. Rs. 13.8 lac

Ans - c

Solution :

Since CR=3:1 and current liabilities are Rs. 15 lac
Current assets will be Rs. 45 lac
Now since wc turn over ratio is 4 that means the total turn over will be 45 × 4 = 180 lac
Then profit should be 180 × 7% = 12.6 lac

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Calculate Inflation, if Price index in current year is 15 and price index in base year is 12.

a. 20
b. 25
c. 30
d. 35

Ans - b

solutions :

Inflation = (price index in current year-price index in base year)/(price index in base year)*100
 = (15-12)/12*100
 = 3/12*100
 = 25

....

Given,

Currency with public - Rs. 250000 Crores
Demand deposit with banking system - Rs. 400000 Crores
Time deposits with banking system - Rs. 500000 Crores
Other deposit with RBI - Rs. 600000 Crores
Savings deposit of post office savings banks - Rs. 200000 Crores
All deposit with post office savings bank excluding NSCs - Rs. 100000 Crores

Calculate broad money M3.

a. Rs. 1250000 Crores
b. Rs. 1500000 Crores
c. Rs. 1750000 Crores
d. Rs. 2000000 Crores

Ans - c

Solution :

M1 = currency with public + demand deposit with the banking system + other deposits with RBI
M1 = 250000+400000+600000
M1 = 1250000

M3 = M1+Time deposit with banking system
So,

……

……

M3 = 1250000+500000
M3 = 1750000 Crores

....

Go through the following data and answer the question.

1. Consumptions - Rs. 100000 Cr
2. Gross investment - Rs. 75000 Cr
3. Govt spending - Rs. 25000 Cr
4. Export - Rs. 100000 Cr
5. Import - Rs. 75000 Cr
6. Indirect Taxes - Rs. 15000 Cr
7. Subsidies(on production and import) - RS. 10000 Cr
8. Compensation of employee - Rs. 500 Cr
9. Property Income - Rs. 500 Cr
   7,8,9 - Net receivable from aboard
10.Total capital gains from overseas investment - Rs. 20000 Cr
11.Income earned by foreign national domestically - Rs. 10000 Cr

Calculate GNP

a. Rs. 220000 Cr
b. Rs. 225000 Cr
c. Rs. 230000 Cr
d. Rs. 235000 Cr

Ans - d

Solution :

GDP = Consumption + Gross investment + Government spending + (Exports - Imports)
GDP = C+I+G+(X-M)
  = 100000+75000+25000+(100000-75000)
  = 225000

GNP=GDP+NR(total capital gains from Overseas investment-income earned by foreign national domestically)
  = 225000 + (20000-10000)
  = 235000

....

……

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……

The top management of ABc. Bank was in a triumphant mood after engaging XYZ Ltd, one of the top IT Companies as a consultant for a massive technology upgradation in the Bank. Their enthusiasm was short lived, as the project did not progress well and the consultants were not able to deliver the desired results even after several months. In fact the Consultants were of the view that it may never be possible to implement the project with 100% success as they seemed to be facing resistance from the employees at multi-levels. The employees at all levels seemed reluctant to cooperate. Their fear of Role erosion seemed palpable.

What does "Role erosion" mean in this context?

a. The fear of the employee that he will be sent out
b. Fear that the responsibility and the power will reduce
c. Fear that he will no more be an indispensable
d. a & b

Ans - d

....

The critical issue in this case is:

a. Attitudes of individuals
b. Training of people
c. Group behavior due to a sense of the unknown
d. All the above

Ans - c

....

How could this situation have beenmanaged better?

a. By issuing project details and time frame mentioning punishments in case of delay
b. By roping in the HR professionals to act as coordinator
c. By recognizing that any change brings its own reactions and co-opting the managers even before Consultants moved in
d. b & c

Ans - d

....

The Bank should dealwith the employee resistance by:

a. Co-opting the employees
b. Communicating strategically about the potential benefits
c. Conducting simultaneous training to familiarize the staff with the new software

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……

d. All of the above

Ans - d

....
....

Given,

Currency with public - Rs. 250000 Crores
Demand deposit with banking system - Rs. 400000 Crores
Time deposits with banking system - Rs. 500000 Crores
Other deposit with RBI - Rs. 600000 Crores
Savings deposit of post office savings banks - Rs. 200000 Crores
All deposit with post office savings bank excluding NSCs - Rs. 100000 Crores

Calculate M2.

a. Rs. 1250000 Crores
b. Rs. 1350000 Crores
c. Rs. 1450000 Crores
d. Rs. 1550000 Crores

Ans - c

Solution :

M1 = currency with public + demand deposit with the banking system + other deposits with RBI
M1 = 250000+400000+600000
M1 = 1250000

M2 = M1+Savings deposit of post office savings banks
So,
M2 = 1250000+200000
M2 = 1450000 Crores

....

Given,

Corporation tax   - Rs. 1800 Crores
Income tax   - Rs. 1200 Crores
Union exercise tax   - Rs. 1100 Crores
Other non tax revenue   - Rs. 1500 Crores
Other taxes and duties - RS. 1000 Crores

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………

Customs   - RS. 1300 Crores
External grant   - Rs. 400 Crores
Service tax   - Rs. 750 Crores
Tax of union territories- Rs. 400 Crores
Interst receipt   - Rs. 750 Crores
Devident & profit   - Rs. 900 Crores
State Share   - Rs. 900 Crores
Receipt of union territories - Rs. 1200 Crores
Trf to NCCD (National calamity Contingency fund) - Rs. 450 Crores

Calculate Gross Tax Revenue ...

a. Rs 6800 Crores
b. Rs 7150 Crores
c. Rs 7550 Crores
d. Rs 8300 Crores

Ans - c

Solution :
Gross Tax revenue = Corporation Tax + Income tax + other tax & duties + costoms + union excise duties + service Tax + taxes on union territories
    = 1800+1200+1000+1300+1100+750+400
    = 7550 Crores

....

When chicken prices rise 40%, the quantity of KFC fried chicken supplied rises by 30%. Calculate the price elasticity of supply.

a. 0.50
b. 0.65
c. 0.75
d. 0.85

Ans - c

Solution :

B is the right ans.
Price Elasticity of Supply = (% change in quantity supplied) / (% change in price)

    = 30/40 = 0.75
....

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Given,

Corporation tax	- Rs. 1800 Crores
Income tax	- Rs. 1200 Crores
Union exercise tax	- Rs. 1100 Crores
Other non tax revenue	- Rs. 1500 Crores
Other taxes and duties	- RS. 1000 Crores
Customs	- RS. 1300 Crores
External grant	- Rs. 400 Crores
Service tax	- Rs. 750 Crores
Tax of union territories	- Rs. 400 Crores
Interst receipt	- Rs. 750 Crores
Devident & profit	- Rs. 900 Crores
State Share	- Rs. 900 Crores
Receipt of union territories	- Rs. 1200 Crores
Trf to NCCD (National calamity Contingency fund)	- Rs. 450 Crores

calculate Net Tax revenue.

a. Rs 5800 Crores
b. Rs 6200 Crores
c. Rs 6650 Crores
d. Rs 7100 Crores

Ans - b

Solution :

Net Tax Revenue = Gross tax revenue - NCCD transferred to the National Calamity Contingency fund - state share

Gross Tax revenue = Corporation Tax + Income tax + other tax & duties + costms + union excise duties + service Tax + taxes on union territories
   = 1800+1200+1000+1300+1100+750+400
   = 7550 Crores

Net Tax Revenue = Gross tax revenue - NCCD transferred to the National Calamity Contingency fund - state share
   = 7550-450-900
   = 6200 Crores

....

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When the price of a commodity falls from Rs. 75 per unit to Rs. 60 per unit, the quantity supplied falls by 40%. Calculate the price elasticity of supply.

a. 1
b. 1.5
c. 2
d. 2.5

Ans - c

Solution :

Price Elasticity of Supply = (% change in quantity supplied) / (% change in price)

 = 40/(75-60)*100/75
 = 40/15*100/75
 = 40/20
 = 2

....

Given,

Recoveries of loan and advance - Rs. 5000 Crores
Misc capital receipt   - Rs. 1500 Crores
Market loans   - Rs. 1200 Crores
Short term borrowings   - Rs. 1800 Crores
External assistance (Net)   - Rs. 450 Crores
State provident fund   - Rs. 600 Crores
Other receipts (Net)   - Rs. 1500 Crores
Securities issued against small savings - Rs. 750 Crores
Recoveries of short term loans and advances from states and loans to govt servants - Rs. 1200 Crores
Total Non Tax Revenue   - Rs. 6500 Crores
Net Tax Revenue   - Rs. 2500 Crores
Draw down cash balance   - Rs. 5500 Crores

Calculate Capital Receipt ...

a. Rs. 8600 Crores
b. Rs. 10100 Crores
c. Rs. 11600 Crores
d. Rs. 12800 Crores

Ans – c

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………

Solution :

Capital Receipt = Non Debt Receipt + Debt Receipt

Let us first calculate Non Debt Receipt,

Non Debt Receipt = Recoveries of loan & advances (duduct recoveries of short term loans & advance from state and loans to govt sarvants) + MISC Capital receipts
 = 5000-1200+1500
 = 5300 Crores

Now, let us calculate Debt receipt,

Debt Receipt = Market Loans + Short Term Borrowings + External assistance(NET) + Securities issued against Small savings + State provident fund + other Receipts(Net)
 = 1200 + 1800 + 450 + 750 + 600 + 1500
 = 6300 Crores

Capital Receipt = Non Debt Receipt + Debt Receipt
 = 5300 + 6300
 = 11600 Crores

....

At Rs. 75 demand for sugar is 800 Kg. When the price falls to Rs. 60, the demand increases to 1000 Kg. The price elasticity of demand of sugar is ......

a. 1
b. 1.25
c. 1.5
d. 1.75

Ans - b

Solution :

Price Elasticity of Demand = % Change in Quantity Demanded / % Change in Price

% Change in Quantity Demanded = 200/800*100 = 25
% Change in Price = 15/75*100 = 20

Price Elasticity of Demand = 25/20 = 1.25

....

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………

Micro-economic theory studies how an economy determines ...... (i) The price of goods, (ii) The price of services, (iii) The price of economic resources

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

Ans - d
....

Adam Smith advocates ...... (i) Laissez-faire, (ii) Division of Labour

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

Ans - d
....

Which of the following pairs of commodities is an example of substitutes ......

a. Coffee and milk
b. Diamond and cow
c. Pen and ink
d. Mustard oil and coconut oil.

Ans - d
....

Economic growth refers to ......

a. An increase in per capita income at current prices
b. A sustained increase in per capita output
c. An increase in income and output in real terms and not in money
d. An increase in economic welfare

Ans - b
....

As per Abraham Maslow's motivation theory, the people have needs:

a. 2

………

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b. 3
c. 4
d. 5

Ans - d

....

Transaction analysis refers to

a. understanding financial transactions
b. understanding interpersonal relationship and interaction
c. understanding transactions relating to business
d. understanding transactions relating to business and ethic

Ans - b

....

What is the feature of a adult ego state, out of the following

a. more of ethical, conscientious behavior and influenced by preaching from parents and elders
b. more of analytical, rational and practical orientation
c. more of instinctive behavior with motive of enjoyment
d. more of every thing

Ans - b

....

In his behavior, a person is displaying more of emotions than the facts. It can be classified as ego state:

a. parents
b. elders
c. adult
d. child

Ans - d

....

Which of the following is a feature of a crossed transaction?

a. from parents to child and again from parents to child
b. it is undesirable
c. the transaction is blocked
d. all the above

……

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Ans - d

....

According to Harris, what is the meaning of the life position, I am OK, you are not OK?

a. Both have value
b. I have value but you do not have value
c. I do not have value but you have value
d. neither person has value

Ans - b

....

The objective of understanding the ego states profile of a person is:

a. to counsel him
b. to make necessary modification in one's behavior
c. to bring desired change
d. all the above

Ans - b

....

In Johari Window, the window ARENA represents which of the following?

a. known to self and others
b. closed to self and others
c. known to others and not known to self
d. known to self and not to others

Ans - a

....

For improving effectiveness in interpersonal relations, which of the following area is most critical?

a. dark
b. arena
c. blind
d. closed

Ans - b

....

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………

Which of the following is part of human resources management (HRM)?

a. routine functions
b. organizational development
c. employee development
d. all the above

Ans - a

....

The HR professional's role includes creating necessary culture and values in the organization, diagnosing the problem at organization level and taking corrective steps. These fall, in which of the following category?

a. role of developing competence
b. process role
c. supportive role
d. supportive role

Ans - b

....

Which of the following statement is correct?

a. HR functions in banks are generally performed professionally like other corporates
b. HR functions in banks are generally performed professionally like other corporates
c. HR functions in banks are generally not performed professionally like other corporates
d. HR functions in banks are professionally performed unlike other corporates

Ans - c

....

Which of the following enhanced the role of HR professional ? (i) growth of unionism, (ii) state interventions through a no. of legislations, (iii) stress on statutory welfare

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

Ans - d

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………

Which of the following aims at safeguarding interest and controlling exploitation of specific groups (i) Child Labour Act 1986, (ii) Bonded Labour System Act 1976, (iii) Interstate Migrant Workmen Act 1979.

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

Ans - d
....

In the present context, the objective of HRd. (which one is correct)

a. to develop capabilities of each employee as an individual
b. to develop team spirit and functioning in every organizational unit
c. collaboration amongst different groups in the organization
d. all the above

Ans - a
....

The first decade of 21st century saw extensive competition in the banking activity due to …… (i) globalization, (ii) deregulation, (iii) privatization

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

Ans - c
....

Job role or job analysis comprises …… (i) job description, (ii) job evaluation, (iii) job specification

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

Ans - d
....

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...... is primarily used to compare similarity between jobs within an organization or between organisations or even in an industry:

a. job description
b. job role or job analysis
c. job specification
d. job evaluation

Ans - d

....

As per explanation of the need hierarchy, need for an individual to realize his potential and self-actualization is as strong as satisfying physical needs.

a. Robert Owen
b. Charles Babbage
c. Abraham Maslow
d. Douglas McGregor

Ans - c

....

According to Nadler, the learning for growth of the individual not related to a specific present or future job is known as:

a. training
b. education
c. development
d. seminar

Ans - c

....

Fiscal policy is related to ......

a. Exports and Imports
b. Public revenue and expenditure
c. Issues and circulation of currencies
d. Monetary Control measures

Ans - b

....

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……

A restrictive monetary-fiscal policy is a good way to deal with ......

a. Demand—shift inflation
b. Any short of inflation that occurs when the economy falls below full employment
c. Demand—pull inflation
d. Cost—push inflation

Ans - b

....

National income differs from NNP at market prices by the amount of ......

a. Current transfers from the rest of the world
b. Net indirect taxes
c. National debt interest
d. It does not differ

Ans - b

....

For most consumers apples and oranges are substitute goods. Therefore, we would expect a rise in the price of apples to lead to ......

a. A rightward shift in the demand curve of oranges
b. A leftward shift in the supply curve of apples
c. A downward change in the demand curve of oranges
d. A fall in the price of oranges

Ans - a

....

The term 'consumer goods' is used by economists to refer to ......

a. Goods produced for consumers in a free market only.
b. Goods other than free goods, whose use directly satisfies consumers wants.
c. Goods produced by consumers in return for a wage.
d. Goods which are used by consumers in order to earn their living

Ans - b

....

Many of the basic problems of economics emerge from ......

a. Unlimited resources

……

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b. Incompetent govt
c. The use of limited resources to satisfy human wants
d. Unlimited wants

Ans - c

....

The demand for a good is elastic if ......

a. The demand for that good increases when price falls
b. A decrease in price results in a decrease in total expenditure
c. The quantity demanded increases less than proportionately with the decrease in price level
d. None of the above

Ans - c

....

Indian Economy can be best described as ......

a. Developed economy
b. Undeveloped economy
c. Developing economy
d. Underdeveloped

Ans - c

....

The term" balance of trade" means ...... (i) Difference between exports & imports, (ii) Net Exports
including merchandise, (iii) The difference between the cost of the imports and exports of a country

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

Ans - b

....

The liquidity preference arises due to …… (i) Transaction Motive, (ii) Precautionary Motive, (iii)
Speculative Motive

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

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

Ans - d

....

Devaluation means ......

a. Fall in Marginal utility of Money
b. Fall in printing of currency
c. Risk in blackmoney
d. Fall in the value ofmoney in terms of foreign currency

Ans - d

....

Acute inflationary situation ......

a. Makes savings in the form of bank deposits less attractive
b. Makes savings more attractive
c. Arises due to liquidity trap
d. All the above

Ans - a

....

The open market operations refer to the sale and purchase by the RBI of ...... (i) Foreign exchange, (ii) Gold, (iii) Government securities

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

Ans - d

....

A rightwards shifts in supply schedule indicates ......

a. A decrease in Supply
b. A decrease in quantity supply
c. An increase in quantity supply
d. An increase in supply

Ans – d

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Which budget is measured in financial terms only?

a. Dominance budget
b. Programme performance budget
c. Zero-base budget
d. Central budget

Ans - b

....

Recession is associated with fall in ......

a. Demand
b. Supply
c. Disinvestment
d. Investment

Ans - a

....

Cash = Rs. 6,00,000
Debtors = Rs. 9,00,000
Inventories = Rs. 20,00,000
Current liabilities = Rs. 30,00,000
Total current assets = Rs. 40,00,000
The quick ratio = ?

a. 1:1
b. 1.5:1
c. 1:1.5
d. 2:1

Ans - c

Solution :

Quick ratio = Quick asset / CL
Here Quick asset = CA-Inventory
So, Quick asset = 4000000 - 2000000 = 2000000
CL = 3000000
Hence Quick Ratio = 2000000/3000000
 = 1:1.5

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A company has net worth of Rs. 15 lac, term liabilities are Rs. 10 lac. Fixed Assets worth Rs. 16 lac and current assets are Rs. 25 lac. There is no intangible assets or the non current assets. Calculate it's net working capital.

a. 6 lac
b. 7 lac
c. 8 lac
d. 9 lac

Ans - d

Total Assets = Total liabilities
Total Assets = Fixed Assets + current assets
= 16 + 25
= 41
So total liabilites must be 41 lac

Now out of 41 lac, the long term liability is 25 lac (15 + 10)
Hence CL = 41 - 25 = 16 lac
Now we have CA = 25 lac and CL = 16 lac
NWC = 25 - 16
= 9 lac
....

The balance sheet of a firm has shown total asset of Rs 20 lacs. The long term uses are Rs 11 lacs and current ratio 1.5:1. What is the amount of current liabilities ?

a. Rs 11 lacs
b. Rs 9 lacs
c. Rs 7 lacs
d. Rs 6 lacs

Ans - d

Solution:

Total Assets - long term asset = current Assets
Hence, current assets = 20 - 11 = 9.00 lac
Current ratio 1.5:1
Current ratio = Current Assets / Current Liabilities
1.5:1 = 9 / Current liabilities
Current liabilities = 9/1.5
= 6 lac
....

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The amount of instalment of a term loan is fixed at Rs. 25000/- per month and the monthly average interest on the account is Rs. 15000/-. If the amount of depreciation is Rs. 60000/- p.a. and profit after tax Rs. 600000/-. What is DSCR ?

a. 1.5
b. 1.75
c. 2
d. 2.5

Ans - b

DSCR = (Interest + PAT + Depreciation + other non cash expenses) / (interest + instalment on TL)
= (15000×12+600000+60000)/(15000×12+25000×12)
= 840000/480000
= 1.75
....

Current ratio of a unit is 3:1 and quick ratio is 1:1. The level of current assets is Rs 15 lac. What is the amount of quick asset?

a. Rs 3 lac
b. Rs 5 lac
c. Rs 7 lac
d. Rs 9 lac

Ans - b

Solution :

CR = CA:CL
CA:CL = 3:1
15:CL= 3:1
CL = 5 lac

Now QR= 1:1
QR= Quick asset/CL
Quick asset/CL = 1:1
QA = CL = 5 lac

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Current Assets are Rs. 25 lac and Current ratio is 3:1. If Working capital turn over ratio is 8 and net profit to sales percent 11%, find the amount of net profit.

a. Rs. 11 lac
b. Rs. 22 lac
c. Rs. 33 lac
d. Rs. 44 lac

Ans - b

Solution :

Current assets are Rs. 25 lac
Now since wc turn over ratio is 8 that means the total turn over will be 25 × 8 = 200 lac
Then profit should be 200 × 11% = 22 lac

....

Cash = Rs. 2,00,000
Debtors = Rs. 5,00,000
Inventories = Rs. 10,00,000
Current liabilities = Rs. 15,00,000
Total current assets = Rs. 25,00,000
The quick ratio = ?

1) 1:1
2) 1.5:1
3) 2:1
4) 2.5:1

Ans - a

Solution :

Quick ratio = Quick asset / CL
Here Quick asset = CA-Inventory
Now CA = Rs. 25,00,000 and inventories = Rs. 10,00,000
So, Quick asset = 2500000 - 1000000 = 1500000
CL = 1500000
Hence Quick Ratio = 1500000/1500000
 = 1:1

....

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……

The balance sheet of a firm has shown total asset of Rs. 35 lacs. If the current ratio 2:1 and the long term uses are Rs. 20 lacs, What is the amount of current liabilities ?

a. Rs. 6 lacs
b. Rs. 7.5 lacs
c. Rs. 9 lacs
d. Rs. 10.5 lacs

Ans - b

Solution:

Total Assets - long term asset = current Assets
Hence, current assets = 35 - 20 = 15 lac
Current ratio 2:1
Current ratio = Current Assets / Current Liabilities
2:1 = 15 / Current liabilities
Current liabilities = 15/2
= 7.5 lac

....

Calculate the present value of 6 year bond with 9 per cent coupon rate with FV Rs. 1000/-. Current interest rate is 12 per cent.

a. Rs.843.83
b. Rs.1025.57
c. Rs.876.66
d. Rs.768.68

Ans - c

Solution

FV = 1000
Coupon Rate (CR) = 0.9%
t = 6 year
R (YTM) = 0.12
Annual interest rate payable=1000*9%=90
Principal repayment at the end of 6 year = Rs. 1000
=90 (PVIFA, 12%,6 years)+1000(PVIF,12%, 6 Years)
PVIFA= ((1+r)^t -1)/ r+ PVIF=1/(1+R)^t
=90(1.12^6-1/0.12*(1.12)^6+1000(1/1.12^6)
=90*1.97382-1/0.12*1.1.97382+1000(1/1.97382)

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=90*0.97382/0.12*1.97382+1000*0.0.50663
=90*0.97382/0.23685+506.63
=90*4.11154+506.63
=370.03+506.63
=876.66

....

Working capital gap is not ...... (i) Current Assets less Current Liabilities, (ii) Current Assets less Current Liabilities other than Bank Borrowings, (iii) 75% of Current Assets

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

Ans - b

....

A company has Fixed Assets worth Rs. 20 lac and current assets are Rs. 60 lac, current liabilities are Rs. 40 lac. There is no intangible assets or the non current assets. Calculate it's net working capital.

a. 20 lac
b. 30 lac
c. 40 lac
d. 60 lac

Ans - a

NWC = CA - CL
we have CA = 60 lac and CL = 40 lac
NWC = 60 - 40
= 20 lac

....

The amount of instalment of a term loan is fixed at Rs. 16000/- per month and the monthly average interest on the account is Rs. 7500/-. If the amount of depreciation is Rs. 33000/- p.a. and profit after tax Rs. 300000/-. What is DSCR ?

a. 1.5
b. 1.75
c. 2
d. 2.5

Ans – a

………

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………

DSCR = (Interest + PAT + Depreciation + other non cash expenses) / (interest + instalment on TL)
= (7500×12+300000+33000)/(7500×12+16000×12)
= 423000/282000
= 1.5

....

Current ratio of a unit is 2:1 and quick ratio is 1:1. The level of current assets is Rs. 20 lac. What is the amount of quick asset?

a. Rs. 5 lac
b. Rs. 10 lac
c. Rs. 15 lac
d. Rs. 20 lac

Ans - b

Solution :

CR = CA:CL
CA:CL = 2:1
20:CL= 2:1
CL = 10 lac

Now QR = 1:1
QR = Quick asset/CL
Quick asset/CL = 1:1
QA = CL = 10 lac

....

No loan related and ad-hoc service charges/inspection charges should be levied on priority sector loans up to ......

a. Rs. 10,000
b. Rs. 25,000
c. Rs. 40,000
d. Rs. 50,000

Ans - b
....

The priority target is mentioned as a percentage of ......

a. Adjusted Net Bank Credit (ANBC)

………

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……

b. Credit Equivalent Amount of Off-Balance Sheet Exposure (OBE)
c. Whichever is higher as on March 31 of the previous year
d. None of the above

Ans - c

....

The overall priority sector target foreign banks is ......

a. 20%
b. 32%
c. 40%
d. 50%

Ans - c

....

Foreign banks with less than 20 branches have to achieve the priority sector target of 40% in a phased manner but within ......

a. 2018
b. 2019
c. 2020
d. 2021

Ans - c

....

Bank loans up to a limit of Rs.5 crore per borrower for building social infrastructure will be eligible for categorization as priority sector for following activities ...... (i) health care facilities, (ii) drinking water facilities, (iii) sanitation facilities

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

Ans - d

....

NNP for a given year can be defined as ......

a. Market value of final goods only
b. The market value of all final goods and services

……

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……

c. The market value of all final services only
d. None of the above

Ans - b

....

Deficit Financing means ......

a. Government spends in excess of revenue and capital receipt to that budget deficit in incurred which is financed by borrowing from the RBI.
b. Difference in borrowing an internal and external resources
c. Capital expenditure on items of public construction, public enterprises and public borrowings.
d. None of the above

Ans - a

....

Temporary control of inflation can be effected by ......

a. Lowering Bank Rate
b. Purchasing of securities by RBI
c. Restraint on the growth of money supply
d. None of these

Ans - c

....

Status symbol goods are ...... (i) Veblen goods, (ii) Exception to law of demand, (iii) Goods of conspicuous consumption

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

Ans - d

....

Which of the following is true about Straight bonds? (i) A straight (normal or with interest) bond is one where the purchaser pays a fixed amount of money (principal) to buy the bond, (ii) At regular periods, he/she receives an interest payment, called the coupon payment, (iii) The final interest payment and the principal are paid on date of maturity

a. Only (i) and (ii)

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……

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

Ans - d

....

Price - demand relationship in the case of Giffen goods is ......

a. Inverse
b. Direct
c. Absent
d. None of the above

Ans - b

....

The term "hyper-inflation" is used to denote ......

a. Creeping inflation
b. Step by step inflation
c. A "Runaway" or "galloping" inflationary situation where the monetary unit becomes almost worthless
d. None of these

Ans - c

....

If the interest rate changes, from 8 per cent this year to 10 per cent next year. What is the Future value of Rupees 100 in 2 years? What is the Present Value of Rupees 100 to be received after 2 years?

a. 81.48
b. 81.84
c. 84.18
d. 84.81

Ans - c

Solution

FV=PV(1+r)*(1+r)
=100*1.08*1.10
=100*1.188
=118.80
PV=FV/(1+r)*(1+r)

………

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……

=100/1.08*1.10
=100/1.188
=84.178
=84.18

....

Ups and downs in the economy due to trade cycles are called ......

a. cyclical variations
b. seasonal variations
c. secular tends
d. none of the above

Ans - a

....

Which one of the following is the indication of seasonal variation ......

a. improvement in techniques
b. demand of woolen clothes in winter
c. purchase of books during the beginning of the academic sessions
d. none of the above

Ans - b

....

Bond holders are of the business (Bond issuer) ......

a. Creditors
b. Share holders
c. Partners
d. Owners

Ans - a

....

Y = ? in series ......

a. TxS+C+1
b. T-S+C-1
c. T-SxCx1
d. TxSxCx1

Ans – d

……

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……

It the Coupon rate & the Discount rate (Market based) or the expected rates of return are same ......

a. The bond will be trading at par
b. Bond will trade at a discount
c. Bond will trade at a premium
d. Coupon rate & discount rates have no connection with each other

Ans - a

....

Whose work can be cited as the first instance of defining the perspective of adult learning in the 20th century?

a. Socrates
b. Confucius
c. Lindeman
d. Aristotle

Ans - c

....

When the rate of inflation increases?

a. purchasing power of money increases
b. purchasing power of money decreases
c. value of money increases
d. amount of money in circulation decreases

Ans - b

....

State true or false 1. Each organization needs competent staff with the necessary qualifications, skills, knowledge, work experience and aptitude to perform work. 2. Manpower planning is also needed in order to identify an organizations need to reduce its workforce. Select the correct option

a. 1 is True, 2 is False
b. 1 is False,2 is True
c. 1 is True. 2 is True
d. 1 is False,2 is False

Ans - c

....

……

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……

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

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

Ans - d
....

Macroeconomics deals with;

a. Gross domestic product
b. Unemployment rate
c. Price indices
d. All the above

Ans - d
....

According to J.M.Keynes rate of interest and bond prices are ...... related

a. Inversely
b. Directly
c. Parallely
d. Horizontally

Ans - a
....

As per RBI latest guidelines, loans to cooperative societies of farmers for disposing of the produce of members upto Rs.... are covered under priority sector.

a. 25 Lakhs
b. 50 Lakhs
c. 1 Crore
d. 5 Crores

Ans - d
....

……
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………

Keynes explained interest in terms of

a. Real forces
b. Economic forces
c. Monetary forces
d. Social forces

Ans - c

....

X wants to send his daughter to a management school after 5 years and will need onetime payment of charges amounting to Rs. 7 lac. At 12% roi, how much he should invest annually?

a. 111087
b. 110187
c. 118107
d. 118017

Ans - b

Explanation :

Here,
FV = 7 lac
R = 12% p.a.
T = 5 yrs

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

700000 = P * (1.125 – 1) ÷ 0.12
700000 = P * 6.352847
P = 110187
....

Industries & business enterprises whose turnover for the accounting period exceeds Rs.50 crore has to submit segment-wise reporting as per ...

a. AS-3
b. AS-7
c. AS-17
d. AS-21

Ans - c

....

………

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……

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

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

Ans - d

....

No penal interest should be charged to borrowers of loan under priority sector upto Rs.

a. 10000
b. 20000
c. 25000
d. 50000

Ans - c

....

Advances against pledge/hypothecation of agricultural produce sanctioned to farmers on or after 01.04.2013 upto Rs.... are covered under priority sector.

a. 10 Lakhs
b. 15 Lakhs
c. 25 Lakhs
d. 50 Lakhs

Ans - d

....

No collateral security is required for loan under MSME for manufacturing/production and providing or rendering of services upto Rs.

a. 1 lakh
b. 2 lakhs
c. 5 lakhs
d. 10 lakhs

Ans - C

....

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……

Which one is not a Basic concept used in preparing of financial statements ?

a. Entity concept
b. Money Market concept
c. Going Concern concept
d. Accural concept

Ans - b

....

Which one doesn't come under Liability ?

a. Share capital
b. Reserve & surplus
c. Miscellaneous expenditure
d. current liability & provisions

Ans - c

....

Which accounting standard makes it mandatory for some enterprises to prepare cash Flow Statement for the accounting period ?

a. AS-1
b. AS-3
c. AS-9
d. AS-17

Ans -b

....

Which one doesn't come under Current liabilities ?

a. Advance payments received
b. pre-paid expenses
c. unclaimed dividend & dividends
d. provisions for taxes

Ans - b

....

...... is known for his concept of "Division of Labour" and "Time and motion studies".

a. Abraham Maslow

………

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……

b. Frederick Tailor
c. Robert Owen
d. Eric Berne

Ans - b

....

The general feeling of fellowship that prevails in the workgroup atmosphere, prevalence of information supporting cultural and social groups comes in which type of climate survey?

a. Identity
b. Structure
c. Risk
d. Warmth

Ans - d

....

It is a process by which the management finds how effective it has been in hiring and placing the employees...

a. Interview
b. Reference check
c. Performance appraisal
d. 360 degree appraisal

Ans - c

....

Which step comes after when the performance standards are communicated to the employees and the performance appraisal methods.

a. Performance level are compared with benchmark
b. Out comes are than communicated to employees.
c. Measure the performance of employee
d. Initiate corrective action

Ans - c

....

In demand curve, quantity and prices are .... related. (i) Directly, (ii) Inversely

a. Only (i)
b. Only (ii)

……

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……

c. Either (i) or (ii)
d. Neither (i) nor (ii)

Ans - b

....

Z raised a house loan of Rs.10 lac at 12% rate of interest repayable in 10 years. Calculate the EMI?

a.10654
b.10799
c.10987
d.11281

Ans - c

....

The oldest and simple method of performance appraisal where Relative position of each employee is assessed, is called as?

a. Comparison method
b. Straight ranking method
c. Graphic or linear rating method
d. Grading method

Ans - b

....

It is a tendency to allow one trait or characteristic of an employee to influence the assessment, it rate an employee either high or low.

a. Similar error tendency
b. Central tendency
c. Halo effect
d. Leniency or strictness tendency

Ans - c

....

Given,

Currency with public - Rs. 90000 Crores
Demand deposit with banking system - Rs. 180000 Crores
Time deposits with banking system - Rs. 220000 Crores
Other deposit with RBI - Rs. 260000 Crores

……

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………

Savings deposit of post office savings banks - Rs. 60000 Crores
All deposit with post office savings bank excluding NSCs - Rs. 50000 Crores
Calculate M4.

a. Rs. 750000 Crores
b. Rs. 800000 Crores
c. Rs. 810000 Crores
d. Rs. 870000 Crores

Ans - b

Solution :
M4 = M3+All deposit with post office savings bank excluding NSCs
M3 = M1+Time deposit with banking system
M1 = currency with public + demand deposit with the banking system + other deposits with RBI
M1 = 90000+180000+260000
M1 = 530000

So,
M3 = M1+Time deposit with banking system
M3 = 530000+220000
M3 = 750000 Crores

So,
M4 = M3+All deposit with post office savings bank excluding NSCs
M4 = 750000+50000
M4 = 800000 Crores
....

Money is anything which performs …… (i) A measure of value, (ii) A store of value over time, (iii) Measure of prosperity

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

Ans - a
....

Expand S L R

a. Statutory Leverage Ratio
b. Statutory Liquidity Ratio

………

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……

c. Statutory Liquidity Rate
d. Static Liquidity Ratio

Ans - b

....

CSO classifies the Industrial Sector in to how many segments?

a. Three
b. Four
c. Six
d. Two

Ans - a

....

Herzberg mentioned six motivational factors. Which is not one among them?

a. Recognition
b. Advancement
c. Responsibility
d. Job security

Ans - d

....

The value a person assign to his desired reward is called......

a. Perk
b. Pay
c. Salary
d. Valence

Ans - d

....

In the relationship between height and educational qualification

a. the height is independent and education is dependent variable
b. the height is dependent and education is independent variable
c. there is inverse relationship between the two
d. none of the above

Ans – d

……

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………

Tylor believed that workers would be motivated by "Rabble Hypothesis". This assumption of tylor are based on ......

a. Need for sequrity
b. Social fulfillment
c. Challenging job
d. Need for money

Ans - d

....

In given Qrtly. data the first step in computing seasonal index is calculating

a. 4 qtr moving average
b. discard highest and lowest values
c. 4 qtr. Moving total
d. none of the above

Ans - c

....

For a data of 8 half year periods the code for the 7th half is

a. 2
b. 3
c. 6
d. 5

Ans - d

....

When coding for odd number of periods. The following is done

a. subtract each value from the smallest value
b. subtract each value from the highest value
c. subtract each value from the middlemost term
d. none of the above

Ans - c

....

Given,
Corporation tax   - Rs. 500 Crores
Income tax   - Rs. 400 Crores

………

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………

Other taxes and duties - RS. 200 Crores
Customs   - RS. 500 Crores
Union exercise tax   - Rs. 400 Crores
Service tax   - Rs. 700 Crores
Tax of union territories- Rs. 200 Crores
Interst receipt   - Rs. 500 Crores
Devident & profit   - Rs. 800 Crores
External grant   - Rs. 200 Crores
Other non tax revenue - Rs. 900 Crores
State Share   - Rs. 500 Crores
Receipt of union territories - Rs. 700 Crores
Trf to NCCD (National calamity Contingency fund. - Rs. 200 Crores

calculate Total Revenue Receipt ...

a. Rs 5100 Crores
b. Rs 5300 Crores
c. Rs 5500 Crores
d. Rs 5700 Crores

Ans - b

Solution :
Total Revenue Receipt = Net Tax Revenue + Total Non Tax Revenue

Let us first calculate Net Tax Revenue,

NTR=GTR-NCCD-State share
Gross Tax revenue = Corporation Tax + Income tax + other tax & duties + customs + union excise duties +
service Tax + taxes on union territories
   = 500+400+200+500+400+700+200
   = 2900 Crores

Net Tax Revenue = Gross tax revenue - NCCD - state share
   = 2900-200-500
   = 2200 Crores

Now, let us calculate Total Non Tax Revenue,

Total Non Tax Revenue = Interest Receipt + Dividend & profit + External grants + other Non-Tax revenue
+ Receipt of union territories
   = 500+800+200+900+700
   = 3100 Crores
So,

………

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……

Total Revenue Receipt = Net Tax Revenue + Total Non Tax Revenue
Total Revenue Receipt = 2200 + 3100
               = 5300 Crores

....

Abhinav brindra won a gold medal in Olympics. By winning ever first gold medal for india he has full filled his which needs .....

a. Physiological needs
b. Social needs
c. Self esteem needs
d. Self actualization needs

Ans - c

....

Market Demand Curve obeys the ...... (i) Law of downward-sloping demand (ii) Law of upward-sloping demand

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

Ans - a

....

Service Sector is also called as

a. Primary Sector
b. Secondary Sector
c. Tertiary Sector
d. None of the above

Ans - c

....

Given,

Recoveries of loan and advance - Rs. 1200 Crores
Misc capital receipt   - Rs. 600 Crores
Market loans   - Rs. 500 Crores
Short term borrowings   - Rs. 800 Crores
External assistance (Net)   - Rs. 300 Crores

……

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……

State provident fund   - Rs. 400 Crores
Other receipts (Net)   - Rs. 800 Crores
Securities issued against small savings - Rs. 300 Crores
Recoveries of short term loans and advances from states and loans to govt servents - Rs. 600 Crores
Total Non Tax Revenue   - Rs. 3000 Crores
Net Tax Revenue   - Rs. 1000 Crores
Draw down cash balance   - Rs. 2000 Crores

Calculate Capital Receipt ...

a. Rs 2700 Crores
b. Rs 3900 Crores
c. Rs 4300 Crores
d. Rs 5100 Crores

Ans - c

Solution :

Capital Receipt = Non Debt Receipt + Debt Receipt

Let us first calculate Non Debt Receipt,

Non Debt Receipt = Recoveries of loan & advances (deduct recoveries of short term loans & advance from state and loans to govt servants) + Misc Capital receipts
    = 1200-600+600
    = 1200 Crores

Now, let us calculate Debt receipt,

Debt Receipt = Market Loans + Short Term Borrowings + External assistance(NET) + Securities issued against Small savings + State provident fund + other Receipts(Net)
    = 500 + 800 + 300 + 300 + 400 + 800
    = 3100 Crores

Capital Receipt = Non Debt Receipt + Debt Receipt
    = 1200 + 3100
    = 4300 Crores
....

Reforms were started in ......

a. 1981
b. 1991

………

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……

c. 1971
d. 1995

Ans - b

....

The share of services in the national income from the last 10 years is

a. Decreasing
b. Constant
c. Increasing
d. Nominal

Ans - c

....

Expand I T E S.

a. Information Technology and Electronic Services
b. Information Technology and Enabled Services
c. Information Technology and Efficient Services
d. None of the above

Ans - b

....

Twin economic imbalances existed during 1990 are ...

a. Fiscal crisis and external payment crisis
b. Fiscal and monetary crisis
c. Monetary and external payment crisis
d. None of the above

Ans - a

....

A time series of annual data will contain which of the following components

a. secular trend
b. cyclical fluctuation
c. seasonal variation
d. a & b

Ans – d

……

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………

What are the forces behind the demand curve? (i) Expectation about future economic conditions, (ii) Average Income

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

Ans - d

....

Present Value is defined as:

a. Future cash flows discounted to the present at an appropriate discount rate
b. Inverse of future cash flows
c. Present cash flow compounded into the future
d. None of the above

Ans - a

....

If the present value of the cash flow X is Rs.200, and the present value cash of the flow Y is Rs.150, than the present value of the combined cash flow is:

a. 200
b. 150
c. 50
d. 350

Ans - d

....

If the present value ofRs.444 to be paid at the end of one year is Rs. 400, what is the one year discount factor?

a. 0.909
b. 1.11
c. 0.11
d. None of the above

Ans - a

$=c_1/(r-g)= 400/44=.909$

....

………

……

If you invest Rs.100,000 today at 12% interest rate for one year, what is the amount you will have at the end of the year?

a. Rs.90,909
b. Rs.112,000
c. Rs.100,000
d. None of the above

Ans - b

....

If there is a indirect relationship between rainfall & yield of crops, then...

a. yield is higher if rainfall is less
b. yield is lower if rainfall is less
c. yield is higher if rainfall is higher
d. none of the above

Ans - a

....

At Rs. 20 demand for sugar is 300 Kg. When the price falls to Rs. 18, the demand increases to 390 Kg. The price elasticity of demand of sugar is ......

a. 2
b. 2.5
c. 3
d. 3.5

Ans - c

Solution :
Price Elasticity of Demand = % Change in Quantity Demanded / % Change in Price
% Change in Quantity Demanded = 90/300*100 = 30
% Change in Price = 2/20*100 = 10

Price Elasticity of Demand = 30/10 = 3

....

Expand W M A

a. Wealth and Means Advances
b. Wealth and Monetary Advances
c. Ways and Monetary Advances

……

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………

d. Ways and Means Advances.

Ans - d

....

In Economics, "Value of best alternative foregone" is called ......

a. Sacrifice Cost
b. Propensity
c. Opportunity Cost
d. None of the above

Ans - c

....

Bank rate is also referred to as

a. Discount rate
b. Subsidy rate
c. Marginal rate
d. None of the above

Ans - a

....

What is sampling for groups with considerable variation within but similar to each other called ?

a. cluster
b. stratified
c. systematic
d. random

Ans - a

....

Expand C R R

a. Credit Reference Rate
b. Credit Reserve Ratio
c. Cash Reserve Ratio
d. Cash Reserve Rate

Ans - c

....

………

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……

Mr. Ram is working in ABC Corp., since last 30 years. Now he is at an age of 59 due to his old age he is unable to complete his social and biological roles and feeling unwanted and uselessness, the condition of Mr. Ram is said to be...

a. Guilt
b. Inferiority
c. Isolation
d. Dispair

Ans - d

....

An employee terminated due to Alcoholism, Dishonesty or inefficiency is called as

a. Discharge
b. dismissal
c. Suspend
d. layoff

Ans - a

....

Standard Performance – Actual Performance = Training & Development ......

a. Objective
b. Drawback
c. Motive
d. Need

Ans - d

....

Demographic advantage is popularly called as demographic ......

a. Preference
b. Dividend
c. Premium
d. Coupon

Ans - b

....

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………

The economy, in which the government does not interfere at all in economic decisions, is called a ......
economy.

a. Market economy
b. Capitalistic economy
c. Laissez-faire economy
d. Command economy

Ans - c
....

Forces behind the demand curve ......

a. Expectation about future economic conditions
b. Average Income
c. Cost of production
d. Both a and b

Ans - d
....

Government of India introduced ...... policy for raising interest rate to combat inflation.

a. Expansionary policy
b. Monetary policy
c. fiscal policy
d. contractionary policy

Ans - d
....

Central bank uses ...... to control the money supply in the market.

a. SLR
b. CRR
c. base rate
d. bank rate

Ans - d
....

A downward Sloping Demand Curve relates quantity demanded to ......

a. Supply

………

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……

b. Income
c. Price
d. Demand

Ans - c

....

You are receiving Rs. 10000 every year for the next 5 years (at the beginning of the period) and you invest each payment @ 5%. How much you would have at the end of the 5-year period?

a. 58109
b. 58019
c. 58091
d. 58190

Ans - b

Explanation :

Here,
P = 10000
R = 5% p.a.
T = 5 yrs

If invested at the beginning,
FV = P / R * [(1+R)^T - 1] * (1+R)
FV = 55256 × 1.05
   = 58019

....

The present banking system is called a ......

a. On line banking system
b. Fractional reserve banking system
c. Accrual system of accounting
d. Book keeping accounting system

Ans - b

....

Real tile gross settlement system is

a. Net settlement system
b. Designated–time settlement system

……

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……

c. Designated-time net settlement system
d. None of these

Ans - d

....

What is the message flow structure in our RTGS System?

a. V
b. Y
c. L
d. T

Ans - b

....

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

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

Ans - a

....

Removing the highest & lowest actual-to-moving average values when computing seasonal index for annual data reduces

a. extreme cyclical variations
b. secular trend
c. seasonal variations
d. all of these

Ans - a

....

...... is the rate of interest which a central bank charges on the loans and advance that it extends to commercial banks and other financial intermediaries.

a. Base Rate
b. Bank Rate
c. CRR
d. Repo Rate

………

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………

Ans - b

....

Under Turnover method of assessment, the limit is sanctioned at per cent of the projected turnover.

a. 25
b. 20
c. 30
d. 35

Ans - b

....

Cash budget method of assessment is more suitable for those business enterprises which have .....

a. uniform level of operations
b. High level of operations
c. Low level of operations
d. Seasonal operations

Ans - d

....

A D G P is issued by the bank for ......, to its client.

a. Sale of goods
b. Purchase of goods
c. Sale of capital goods
d. Purchase of capital goods

Ans - d

....

Which of the following statements is not true for an infrastructure project?

a. It has long gestation period
b. It reduces the risk for the lender as his funds get assured deployment for a long time.
c. The debt equity ratio is normally high for an infrastructure project
d. The implementation period is usually long

Ans - b

....

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……

Which of the following is not a source of funds for meeting the cost of fixed assets by an enterprise?

a. Credit by supplier of assets
b. Internal accruals
c. Debentures
d. D P G

Ans - d

....

Which of the following is ratio, indicative of the repaying capacity of a borrower?

a. Quick ratio
b. T O L/T N W
c. D S C R
d. D E R

Ans - c

....

The result of discarding extreme values before averaging is called ......

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

Ans - b

....

An annuity consists of monthly repayments of Rs. 600 made over 20 years and if rate is 14% monthly. What is the future value of the annuity?

a. 781046
b. 718146
c. 781146
d. 716814

Ans - c

Explanation :

Apply FV formula to get the Answer
Here

………

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………

R = 14% / 12 = 0.01166
T = 20 × 12 = 240
FV = 781146

....

Which of the following is not the essential characteristic of the strategic types of information?

a. Simulated "what if" information of a short-term nature
b. Competitive actions
c. Demographic studies
d. Customer actions

Ans - a

....

Which of the following is not the essential characteristic of Decision Support System?

a. Output directed to organization personnel at all levels
b. Comprehensive database
c. Adaptive system over time
d. None of these

Ans – d

....

In a study it was noticed that average height of sons of tall fathers is less than that of the fathers and vice versa . This is due to ......

a. extension
b. progression
c. regression
d. hypertension

Ans - c

....

Indices for fuel group are announced......

a. Daily
b. Weekly
c. Monthly
d. Yearly

Ans – b

………
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………

In project management, which of the following does not show precedence relationship among the tasks and milestones of the project?

a. Gantt Chart
b. PERT
c. CASE Tools
d. None of these

Ans - a

....

Which one is not an economic activity?

a. Investment
b. Production
c. Consumption
d. None of these

Ans - d

....

Narrow money is indicated by ......

a. M1
b. M2
c. M3
d. M4

Ans - a

....

Time deposits are ......

a. Paid on demand
b. Not paid on demand
c. Relatively less liquid than cash and demand deposits
d. Both a and b

Ans - d

....

Theory of interest is based on ...... Select the incorrect option.

a. Investment demand function

……

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……

b. The interest rate functions
c. The liquidity preference function
d. The quantity of money

Ans - b

....

According to ......, the subject matter of economics is the study of how wealth is produced and consumed.

a. Alfred Marshall
b. Lionel Robbions
c. Adam Smith
d. None of these

Ans - c

....

If in market, money supply increases and interest rate is down, the LM curve will be ......

a. Shift up and to left
b. Shift down and to right
c. Shift up and to right
d. Shift down and to left

Ans - b

....

Lowering the elasticity of liquidity preference with respect to the changes in interest rate, the LM curve will be ......

a. No effect
b. Flat
c. Less steep
d. steeper

Ans - d

....

Service sector is also referred to as ......

a. Primary sector
b. Secondary sector
c. Tertiary sector

……

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………

d. None of these

Ans - c

....

The economy in which individuals and private firms make the major decisions about production and consumption is called a ......

a. Market economy
b. Capitalistic economy
c. Socialistic economy
d. Either of a and b

Ans - d

....

Who gave Scarcity Theory of Economics?

a. Alfred Marshall
b. Lionel Robbins
c. Adam Smith
d. None of these

Ans - b

....

Which phase of business cycle is referred to as "crisis"?

a. Recession
b. Depression
c. Recovery
d. Boom

Ans - a

....

...... is a branch of economics that is concerned with the overall performance of the economy.

a. Macroeconomics
b. Microeconomics
c. Both of these
d. None of these

Ans – a

………

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……

Service Sector is also called as …… (i) Primary Sector, (ii) Secondary Sector

a. Only (i)
b. Only (ii)
c. Either (i) or (ii)
d. Neither (i) nor (ii)

Ans - d

....

Which of the following statements is true about 'Inflation'?

a. A rise in the general level of prices
b. Leads to fall in purchasing power
c. Both a and b
d. None of the above

Ans - c

....

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

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

Ans - a

....

Real GDP is also known as ……

a. GDP at current price
b. GDP at constant price
c. GDP at variable price
d. None of these

Ans - b

....

In which stage ideal worker are come forward to work on low wages.

a. Recession
b. Depression

……

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………

c. Recovery
d. Boom

Ans - c

....

86th constitutional amendment has made free and compulsory education to all children ......

a. up to age 14 girls child
b. up to 10th class to girl
c. 6 to 14 yr to all children
d. 6 to 14 yr to all female children

Ans - c

....

In ...... phase of business cycle, underemployment will be widespread.

a. Recession
b. Depression
c. Recovery
d. Boom

Ans - b

....

The Equilibrium Price is also known as ......

a. Market price
b. Optimum price
c. Real price
c. Market-clearing price

Ans - d

....

After the introduction of financial sector reforms in capital market, rolling settlement replaced ......

a. 14-day settlement cycle
b. Badla system
c. open outcry system
d. depository system

Ans – a

………

……

Population of a town is 100000. The rate of change is 4% p.a. what is was 5 years ago?

a. 81923
b. 82193
c. 89321
d. 89123

Ans - b

Explanation :

Here,

P = 100000
R = 4%
T = 5 yrs

FV = P*(1+R)^-T

So,
FV = 100000*(1+0.04)^-5
= 82193
....

According to ......, the economics is a study of mankind in the ordinary business of life.

a. Alfred Marshall
b. Lionel Robbions
c. Adam Smith
d. None of these

Ans - a
....

An annuity consists of monthly repayments of Rs. 600 made over 20 years and if rate is 14% monthly. What is the present value of the annuity?

a. 48872
b. 42878
c. 48728
d. 48278

Ans - d

……

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……

Explanation :

Apply FV formula to get the Answer
Here
R = 14% / 12 = 0.01166
T = 20 × 12 = 240
PV = FV ÷ (1+r)t = 48278

....

In project management, which of the following show precedence relationship among the tasks and milestones of the project? (i) Gantt Chart, (ii) PERT, (iii) CASE Tools

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

Ans - c

....

Wchich don't emphasize on the pattern of (mutual) expectations? (i) Job, (ii) Task, (iii) Role

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

Ans - a

....

Following the contemporary trend, what is not the focus of redundancy exercises? (i) To dismiss employees who will cost the organization less in terms of redundancy pay, (ii) To limit costs of redundancy support schemes, (iii) To focus on 'surviving staff'

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

Ans - a

....

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……

What is a major problem with outplacement services?

a. The lack of organizational understanding of the consultants.
b. The tendency for employees to ignore such services.
c. The costs involved.
d. Their tendency to be targeted mainly at managerial staff.

Ans - d
....

...... is a standard measure of income / expenditure inequality.

a. HDI
b. Gini coefficient
c. GDP
d. GNP

Ans - b
....

What government of India does in open market operations to suck money from the market?

a. absorbs bonds
b. sells bonds
c. increases CRR
d. increases interest Rate

Ans - b
....

In economics, fiscal policy has got two main instruments, these are ......

a. government reserve and capital
b. CRR and SLR
c. Base rate and Bank rate
d. government spending and taxation (revenue collection)

Ans - d
....

A person borrowed Rs. 10000 from the bank @ 12% p.a. for 1 year, payable on EMI basis. What is the amount of EMI?

a. 889

……

……

b. 898
c. 989
d. 998

Ans - a

Explanation :

Here,

P = 10000
R = 12% yearly = 0.01% monthly
T = 1 Y = 12 months

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

So,
EMI = 10000*0.01*(1+0.01)^12 ÷ {(1+0.01)^12 − 1}
= 889

....

Go through the following data and answer the questions (all in Indian Rupees in Crores)

1. Consumptions - Rs. 50000
2. Gross investment - Rs. 40000
3. Govt spending - Rs. 10000
4. Export - Rs. 90000
5. Import - Rs. 60000
6. Taxes - Rs. 5000
7. Subsidies(on production and import) - RS. 1000
8. Compensation of employee - Rs. 500
9. Property Income - Rs. 500
   7,8,9 - Net receivable from aboard
10.Total capital from overseas investment - Rs. 15000
11.Income earned by foreign national domestically - Rs. 5000

Calculate GNP

a. Rs. 110000
b. Rs. 120000
c. Rs. 130000
d. Rs. 140000

Ans – d

………

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………

Solution :

GDP = Consumption + Gross investment + Government spending + (Exports - Imports)
GDP = C+I+G+(X-M)
   = 50000+40000+10000+(90000-60000)
   = 130000

GNP=GDP+NR(total capital gains from Overseas investment-income earned by foreign national domestically)
   = 130000 + (15000-5000)
   = 140000

....

Given,

Currency with public - Rs. 120000 Crores
Demand deposit with banking system - Rs. 200000 Crores
Time deposits with banking system - Rs. 250000 Crores
Other deposit with RBI - Rs. 300000 Crores
Savings deposit of post office savings banks - Rs. 100000 Crores
All deposit with post office savings bank excluding NSCs - Rs. 50000 Crores

Calculate broad money M3.

a. Rs. 570000 Crores
b. Rs. 620000 Crores
c. Rs. 670000 Crores
d. Rs. 870000 Crores

Ans - d

Solution :

M1 = currency with public + demand deposit with the banking system + other deposits with RBI
M1 = 120000+200000+300000
M1 = 620000

M3 = M1+Time deposit with banking system
So,
M3 = 620000+250000
M3 = 870000 Crores

....

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………

Given,

1. Consumptions - Rs. 50000
2. Gross investment - Rs. 40000
3. Govt spending - Rs. 10000
4. Export - Rs. 90000
5. Import - Rs. 60000
6. Indirect Taxes - Rs. 10000
7. Subsidies(on production and import) - RS. 5000
8. Compensation of employee - Rs. 500
9. Property Income - Rs. 500
   7,8,9 - Net receivable from aboard
10.Total capital gains from overseas investment - Rs. 15000
11.Income earned by foreign national domestically - Rs. 5000

Calculate GDP at cost factor

a. Rs. 125000
b. Rs. 130000
c. Rs. 135000
d. Rs. 140000

Ans - c

Solution :

GDP = Consumption + Gross investment + Government spending + (Exports - Imports)
GDP = C+I+G+(X-M)
   = 50000+40000+10000+(90000-60000)
   = 130000

GDP at factor rate
= GDP-(Indirect taxes-subsidies)
= 130000-(10000-5000)
= 135000

....

Changes in the level and composition of taxation and government spending can have impact on the following variables in the economy. Pick up the odd one.

a. Aggregate demand and the level of economic activity
b. The pattern of resource allocation
c. The proper utilization of funds

………

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………

d. The distribution of income

Ans - c

....

Communication technology facilitated any where learning and developed e learning package with the help of ......

a. animation software
b. HRIS
c. Artificial Intelligence technology
d. GUI

Ans - d

....

With regard to HRM, Frederick Taylor gave concept of......

a. Division of Labour
b. Time and Motion Study
c. Both a & b
d. None

Ans - c

....

The system's costs are projected at which stage of the SDLC?

a. Planning and Analysis
b. Design
c. Implementation
d. Operation and Maintenance

Ans - b

....

Given,

Corporation tax   - Rs. 500 Crores
Income tax   - Rs. 400 Crores
Other taxes and duties - RS. 200 Crores
Customs   - RS. 500 Crores
Union exercise tax   - Rs. 400 Crores
Service tax   - Rs. 700 Crores

………

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……

Tax of union territories- Rs. 200 Crores
Interst receipt   - Rs. 500 Crores
Devident & profit   - Rs. 800 Crores
External grant   - Rs. 200 Crores
Other non tax revenue - Rs. 900 Crores
State Share   - Rs. 500 Crores
Receipt of union territories - Rs. 700 Crores
Trf to NCCD (National calamity Contingency fund. - Rs. 200 Crores

Calculate Net Tax revenue ...

a. Rs 1900 Crores
b. Rs 2200 Crores
c. Rs 2900 Crores
d. Rs 3800 Crores

Ans - b

Solution :

Net Tax Revenue = Gross tax revenue - NCCD transferred to the National Calamity Contingency fund - state share
Gross Tax revenue = Corporation Tax + Income tax + other tax & duties + customs + union excise duties + service Tax + taxes on union territories
    = 500+400+200+500+400+700+200
    = 2900 Crores

Net Tax Revenue = Gross tax revenue - NCCD transferred to the National Calamity Contingency fund - state share
    = 2900-200-500
    = 2200 Crores
....

Which of the following statements about inflation is not correct? (i) Inflation leads to erosion in purchasing power of money, (ii) It is sustained increase in price level over a period, (iii) Inflation always has only negative effect on the economy

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

Ans - b
....

……

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……

Target coaching, work planning, mutual goal setting and performance objectives are all terms used to specify concept called ......

a. behavioral rating approach
b. management by objectives
c. combination method
d. critical incident method

Ans - b

....

Fourth step in process of management by objective is to ......

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

Ans - b

....

Payments made to employees for amount of time in which employee has worked are classified as ......

a. variable pay
b. salaries
c. base pay
d. wages

Ans - c

....

In employee training, second stage for trainee's on-the-job training is to ......

a. present information
b. prepare learners
c. do follow up
d. practice of trainee

Ans - a

....

When person's performance is neither satisfactory nor correctable is ......

a. satisfactory-promotable interview

……

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………

b. satisfactory-not promotable interview
c. unsatisfactory-correctable interview
d. unsatisfactory-uncorrectable interview

Ans - d

....

The three important components in aligning business strategy with HR practice ......

a. Business Strategy, Human Resource Practices, Organisational Capabilities*
b. Marketing Strategy, Human Resource Practices, Organisational Capabilities
c. Business Strategy, Human Resource Practices, Organisational structure
d. Marketing Strategy, Human Resource Practices, Organisational structure

Ans - a

....

The three phases of recruitment process are ......

a. Planning, Implementing, Evaluating
b. Planning, Implementing, Screening
c. Planning, Implementing, Enrichment
d. Planning, Screening, Evaluating

Ans - a

....

A 38-year-old woman quits her high-paying marketing job to focus on her children and become a school counselor. What stage would Erikson consider this to be?

a. Identify vs. Role Confusion
b. Generativity vs. Stagnation
c. Ego Integrity vs. Despair
d. Industry vs. Inferiority

Ans - b

....

Each stage in a Erikson's model of psychosocial development can be characterized by ......

a. A period of creative tension
b. An achievement scale for growth
c. A different psychological crisis
d. a and c

………

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………

Ans - d

....

The training needs can be identified by an organization on the basis of ...... (i) performance appraisal (ii) productivity norms fixed by the organization (iii) larger rejects for the job done by the employee

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

Ans - d

....

While conducting the training programs, which of the following methodology is used? (i) lectures and experimental lectures, (ii) reading and discussions, (iii) case studies and role plays

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

Ans - d

....

The evaluation of training is done at 4 levels. At one of these levels, the participants learn knowledge, skills and attitudes about the subject matter, which is evaluated through some test conducted before and after the training. This level is called:

a. reaction level
b. learning level
c. behavior level
d. functioning level

Ans - b

....

The trainer in a bank should be ......

a. practicing managers only
b. operational people only
c. specialists recruited as core faculty only
d. a mix of practicing managers, operational people and specialist recruited as core faculty.

……

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……

Ans - d

....

The persistent tendency to feel and behave in a particular way, towards some object, is called ......

a. behavior
b. attitude
c. habit
d. any of the above

Ans - b

....

Which of the following components of attitude, involve the feeling of an employee or their affect-positive, neutral or negative-about an object?

a. emotional
b. informational
c. behavioral
d. all the above

Ans - a

....

Which of the following function is served by the attitudes? (i) the adjustment function, (ii) the ego-defensive function, (iii) the value-expression function

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

Ans - d

....

Which of the following can play a great role in attitude change? (i) friends, (ii) peers, (iii) opinion leaders

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

Ans - a

……

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………

....

The fluctuations which complete the whole sequence of change within the span of a year or has some pattern year after year is known as ......

a. secular trend
b. seasonal variation
c. cyclical fluctuation
d. none of the above

Ans - b

....

Cyclical fluctuations are also known as ......

a. oscillatory variations
b. business cycle fluctuations
c. either a or b
d. none of the above

Ans - c

....

The period of moving average is to be decided on the basis of ......

a. length of the cycle
b. policies of the company
c. both the above
d. none of the above

Ans - a

....

Treasury securities are ...... (i) Debt obligations of the Government, issued by the treasury department, (ii) They are backed by the full faith and credit of the government, (iii) They are considered to be free of default risk

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

Ans - d

....

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………

Method of leaSt squares is ......

a. flexible in nature
b. non-flexible in nature
c. semi-flexible in nature
d. none of the above

Ans - a

....

Which of the following is true about the Yield rate of bonds? (i) It varies inveiseiy with changes in the bond's market price, (ii) It is the bond rate at bond maturity, (iii) It is computed in the same manner as Dividend yield on stocks

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

Ans - a

....

In shifting the trend origin, the value of 'b' ......

a. changes
b. remains unchanged
c. badly fluctuates
d. None of the above

Ans - b

....

The moving average may constitute a satisfactory trend for a series that is of ...... (i) linear duration, (ii) whose cycles are regular in duration

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

Ans - d

....

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……

In calculating a country's GNP atmarket prices one of the following is not included ......

a. Depreciation
b. Net factor income from abroad
c. Net indirect taxes
d. Transfer Payment

Ans - d

....

At full employment level, which of the following would be most likely to lead to inflation?

a. A fall in taxation with no changes in government expenditure
b. An increase in productivity without any increase in wages
c. A fall in investment with no change in prosperity to consumer
d. A rise in the prosperity to save with no change in investment

Ans - a

....

Deflation is ......

a. Deficit budget
b. Reduction in taxation
c. Contraction in volume of money or credit that results in a decline of price level
d. Increase in public expenditure

Ans - c

....

Bank rate means ......

a. Interest rate charged by money lenders
b. Interest rate charged by the scheduled banks
c. Rate of profit of the banking institution
d. The official rate of interest charged by the central bank of the country

Ans - d

....

In the Keynes model, which is independent ......

a. Investment

……

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……

b. Consumption
c. National income
d. Consumption and investment

Ans - a

....

How many motives for demanding money has been given by Keynes ......

a. 1
b. 2
c. 3
d. 4

Ans - c

....

LiqUidity preference is the term, which is used to refer to ......

a. The Reserve Bank of India's shareholdings in other financial institutions
b. The extent to which investors prefer to keep their assets in money
c. The community's preference for a gold-backed currency
d. An inducement to save.

Ans - b

....

The utility may be defined as ......

a. The power of a commodity to satisfy wants
b. The desire for a commodity
c. The usefulness of a commodity
d. The necessity of a commodity

Ans - a

....

The law of diminishing returns or increasing cost will operate at an earlier level, in agriculture than in industry because ......

a. More mechanization is applicable to agriculture
b. Agriculture is an industry where land is used extensively
c. Less mechanization is applicable to agriculture.
d. More labour is used in agriculture.

……

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………

Ans - b

....

Opportunity costs are also known as ......

a. Spillover costs
b. Alternative cost
c. Social costs
d. Money costs

Ans - b

....

Demand means ...... (i) The desire and willingness of an individual for all goods and services for his standard of living, (ii) The desire, ability and willingness of an individual to purchase goods and services at a given time and price

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

Ans - b

....

Which of the following pairs of commodities is an example of substitute ......

a. Coffee and milk
b. Mustard oil and coconut oil
c. Diamond and cow
d. Pen and ink

Ans - b

....

For most customers apples and oranges are substitute goods. Therefore, we would expect a rise in the price of apples to lead to ......

a. A rightward shift in the supply curve of oranges
b. A leftward shift in the supply curve of oranges.
c. A fall in the price of oranges
d. An upward change in the demand curve of oranges.

………

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………

Ans - d

....

A change in climate, conditions resulting in hot weather, price remaining the same, would cause a consumer of cold drinks ......

a. To move to a lower curve
b. To move lower down the demand curve
c. To move to a higher demand curve
d. To move up the same demand curve

Ans - c

....

Inflation means ......

a. Increase in price
b. Decrease in value of money
c. Boom
d. All of the above

Ans - b

....

The problem of unemployment in rural areas is mainly due to ......

a. Seasonal and under employment
b. Frictional unemployment
c. Structural unemployment
d. Technical unemployment

Ans - a

....

When an individual's income falls (while everything else remains the same) his demand for an inferior goods ......

a. Increase
b. Remaining unchanged
c. We cannot say without additional information
d. Decrease

Ans - a

....

………

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………

Which one of the following cannot be influenced by budgetary policy?

a. Power of private monopolies
b. Balance of trade
c. General level of prices
d. Regional distribution of employment

Ans - a

....

Which is not correct? (i) An "increase of demand" is not the some thing as an "extension of demand", (ii) An "increase of demand is the same thing as an "extension of demand", (iii) An increase of demand is just equal to the extension of demand

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

Ans - c

....

Bank loans up to a limit of Rs. 15 crore to borrowers for purposes like ...... will be eligible for categorization as priority sector. (i) solar based power generators, (ii) wind mills, (iii) micro-hydel plants

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

Ans - d

....

Loans not exceeding Rs. 50,000/- per borrower provided directly by banks to individuals and their SHG/JLG will be eligible to be considered for priority sector, provided the individual borrower"s household annual income in rural areas does not exceed ......

a. Rs. 60,000
b. Rs. 1,00,000
c. Rs. 1,20,000
d. Rs. 1,60,000

Ans - b

....

………

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……

Loans not exceeding Rs. 50,000/- per borrower provided directly by banks to individuals and their SHG/JLGwill be eligible to be considered for priority sector, provided the individual borrower"s household annual income in non-rural areas does not exceed ......

a. Rs. 60,000
b. Rs. 1,00,000
c. Rs. 1,20,000
d. Rs. 1,60,000

Ans - d

....

Loans to distressed persons (other than farmers) not exceeding ...... per borrower to prepay their debt to non-institutional lenders will be eligible to be considered for priority sector.

a. Rs. 60,000
b. Rs. 1,00,000
c. Rs. 1,20,000
d. Rs. 1,60,000

Ans - b

....

Overdrafts extended by banks upto Rs. 5,000/- in Pradhan Mantri Jan-Dhan Yojana (PMJDY) accounts will be eligible for classification under priority sector advances, provided the borrower"s household annual income does not exceed ...... for rural areas.

a. Rs. 60,000
b. Rs. 1,00,000
c. Rs. 1,20,000
d. Rs. 1,60,000

Ans - a

....

Micro or Small Enterprise may be said to have become Sick, if ...... (i) any of the borrowal account of the enterprise remains NPA for three months or more, (ii) there is erosion in the net worth due to accumulated losses to the extent of 25% of its net worth during the previous accounting year, (iii) there is erosion in the net worth due to accumulated losses to the extent of 50% of its net worth during the previous accounting year

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

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……

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

Ans - b

....

Overdrafts extended by banks upto Rs. 5,000/- in Pradhan Mantri Jan-Dhan Yojana (PMJDY) accounts will be eligible for classification under priority sector advances, provided the borrower"s household annual income does not exceed ...... for non-rural areas.

a. Rs. 60,000
b. Rs. 1,00,000
c. Rs. 1,20,000
d. Rs. 1,60,000

Ans - c

....

Banks are mandated not to accept collateral security in the case of loans up to ...... extended to units in the MSE sector.

a. Rs.5 lakh
b. Rs.10 lakh
c. Rs.15 lakh
d. Rs.20 lakh

Ans - b

....

Ceiling on the loan under Credit Linked Capital Subsidy Scheme (CLSS) for Technology Upgradation of Micro and Small Enterprises is ......

a. Rs.10 lakh
b. Rs.25 lakh
c. Rs.50 lakh
d. Rs.100 lakh

Ans - d

....

The rate of subsidy under Credit Linked Capital Subsidy Scheme (CLSS) for loan upto Rs.1 crore is ......

a. 10 %
b. 15 %
c. 20 %

……

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……

d. 25 %

Ans - b

....

Find the interest rate. Present Value is Rupees 100. Future Value becomes 115.76 in 3 years.

a. 4.5 %
b. 5 %
c. 5.5 %
d. 6 %

Ans - b

Solution
FV=115.76
PV=100
N=3
FV=PV(1+r)^n
115.76=100x(1+R)^3
(1+R)^3=1.1576
r=0.0499
=0.05
=5%

....

If I take a loan of Rupees 8,000 and repay Rupees 225 per month, for 4 years, what is the effective annual rate on the loan?

a. 15.3 %
b. 15.8 %
c. 16.3 %
d. 16.8 %

Ans - d

Solution

EMI=225
t=4 eayrs*12=48 month
=225*48
=10800-8000
=2800 which is interest paid for 4 yrs i.e. 48 month
Hence 2800/8000*48

………

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……

=0.35*48
=16.8%

....

The How throne Studies were carried out by Elton Mayo and others at ......

a. Columbia University
b. Cambridge University
c. Western Electrical Company
d. Coco Cola

Ans - c

....

The Term Personnel officer was first used in India in ......

a. Paper Mills
b. Textile Mills
c. Sugar Mills
d. Chemical and Pharmaceuticals Industries

Ans - d

....

Pareek and Rao have identified ...... Critical attributes for HR Managers

a. 20
b. 19
c. 21
d. 22

Ans - d

....

What does "E", "R" and "G" stand for in the ERG theory?

a. Export, Risk and Guarantee
b. Exponential, Reliability and Growth
c. Existence, Relatedness and Growth
d. None of the above

Ans - c

....

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………

If prices double, what happens to real value of rupee?

a. remains same
b. doubles
c. halves
d. changes in unlike proportions

Ans - c

....

Which method which helps draw a line between the set of scattered points

a. regression method
b. correlation method
c. least square method
d. least fit method

Ans - c

....

What is a zero coupon bond?

a. there is gain only in price
b. gain in coupon
c. no gain at all
d. none of these

Ans - a

....

The balance sheet of a firm has shown total asset of Rs 20 lacs . The long term uses are Rs 11 lacs and current ratio 1.5:1. What is the amount of current liabilities ?

a. Rs 11 lacs
b. Rs 9 lacs
c. Rs 7 lacs
d. Rs 6 lacs

Ans - d

Because total assets-long term asset=current assets
Means 20-11=9lac
Current ratio 1.5:1
So, Current liabilities is 9/1.5= 6 lac

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……

Current ratio of a unit is 3:1 and quick ratio is 1:1. The level of current assets is Rs 15 lac. What is the amount of quick asset?

a. Rs 3 lac
b. Rs 5 lac
c. Rs 7 lac
d. Rs 9 lac

Ans - b

Since CR = CA: CL
CR= CA:CL = 3:1
i.e. 15:CL= 3:1
i.e CL = 5 lac
Now QR= 1:1
Since QR= Quick asset/ CL (here quick asset is CA- Inventory)
Hence QA= CL ~ 5 lac
....

In balance sheet amount of total assets is Rs 10 lac, current liabilities Rs 5 lac and capital and reserves Rs 2 lac. What is the debt-equity ratio?

a. 1:1
b. 1.5:1
c. 1.75:1
d. 2:1

Ans - b

As per Balance sheet rule Total assets = Total liabilities
Since total assets here is Rs 10 lac hence total liabilities must be 10 lac.
Now Long term debt = 10-(5+2)=3 lac and capital + reserve(TNW i.e tangible net worth) = 2 lac
Since DER = TL/TNW or debt/ equity or TL/ equity hence 3/2 = 1.5 lac
....

Working capital turn over ratio is 6 and current ratio is 2:1. If current liabilities are Rs 10 lac and net profit to sales percent 5%. What is the amount of net profit?

a. Rs 10 lac
b. Rs 8 lac
c. Rs 7 lac
d. Rs 6 lac

Ans - d

………

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……

Since CR=2:1 and liabilities are 10 lac
Hence current asset will be 20 lac
Now since wc turn over is 6 that means the total turn over will be 20×6= 120 lac
Then profit should be 120×5%=6 lac

....

What does the Central tendency theorem state ?

a. as the sample size increases the sampling distribution of the mean will approach normality irrespective of the shape of the population distribution
b. the mean of the sampling distribution of the mean will equal the population mean even if the population is not normal
c. uses of sample statistics to make inferences of the the population parameters without knowledge of the of the frequency distribution
d. all of the above

Ans - d

....

If the estimating equation is Y = a – b X. which of the following is true

a. the y intercept is b
b. slope of line is negative
c. there is inverse relationship
d. b & c

Ans - d

....

Mr. Amit purchased a property for Rs.8 lac. He has been assured to get Rs 10 lac, after one year at 9% interest rate. What is the net present value of the property based on this assured return?

a. Rs. 117400
b. Rs. 118300
c. Rs. 119200
d. Rs. 120100

Ans - a

Solution :

1000000/1.09=917431-80000= 117400

....

……

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……

Market Demand Curve obeys the

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

Ans - a

....

Current yield on an 8% Rs. 100 bond is 7.5%. The price of the bond is ......

a. 104.67
b. 105.67
c. 106.67
d. 107.67

Ans - c

Explanation :

Bond Price = (1/(1+R)^t)((coupon*((1+R)^t-1)/R)+Face Value)

(Here, t = 1

So, price

= (Coupon + Face Value) ÷ (1 + R)
= (8 + 100) ÷ 1.075 = 100.465)

But, since Coupon Interest = Current Yield × Current Market Price
So, Price = 8 ÷ 7.5% = 8000 ÷ 75 = 106.67

....

In capital market, the screen based system is replaced by ......

a. book keeping system
b. lodging system
c. Open outcry system
d. Telephonic System

Ans - c

....

……

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……

You will be receiving Rs. 204000 at the end of each year for the next 20 years. If the current discount rate for such a stream of cash flow is 10%, find the present value of cash flow.

a. 1737760
b. 1736660
c. 1736770
d. 1737660

Ans - c

Explanation :

Here,
P = 204000
R = 10
T = 20
PV = P / R * [(1+R)^T - 1]/(1+R)^T
PV = 1736770

....

Money Supply refers to ......

a. The amount of money in banks
b. The amount of money with the people
c. The amount of money in circulation in an economy
d. None of these

Ans - c

....

The central limit theorem ......

a. Requires some knowledge of the frequency distribution
b. Permits us to use sample statistics to make inferences about population parameters
c. Relates the shape of a sampling distribution of the mean to the man of the sample
d. Requires a sample to contain fewer than 30 observations

Ans - b

....

Find Coefficient of Variance for the values given : {13,35,56,35,77}

a. 0.4156
b. 0.5164

……

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……

c. 0.5614
d. 0.6514

Ans - c

Explanation :

Number of terms (N) = 5

Mean:
Xbar = (13+35+56+35+77)/5
= 216/5
= 43.2

Standard Deviation (SD):
Formula to find SD is

σx= √(1/(N - 1)*((x1-xm)2+(x2-xm)2+..+(xn-xm)2))
=√(1/(5-1)((13-43.2)2+(35-43.2)2+(56-43.2)2+(35-43.2)2+(77-43.2)2))
=√(1/4((-30.2)2+(-8.2)2+(12.9)2+(-8.2)2+(33.8)2))
=√(1/4((912.04)+(67.24)+(163.84)+(67.24)+(1142.44)))
=√(588.2)
=24.2528

Coefficient of variation (CV)
CV = Standard Deviation / Mean
= 24.2528/43.2
= 0.5614

Hence the required Coefficient of Variation is 0.5614
....

In random sampling, we can describe mathematically how objective our estimates are. Why is this? (i) We always know the chance that any population element will be included in the sample, (ii) Every sample always has an equal chance of being selected, (iii) All the samples are exactly the same size and can be counted

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

Ans - a
....

……

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……

MSE means

a. Medium and Small Enterprises
b. Micro and Small Enterprises
c. Medium State Enterprises
d. None of the above.

Ans - b

....

An investment at 12% interest rate compounded monthly is equal to an annual rate of ......

A. 12.68%
B. 12.36%
C. 12%
D. None of the above

Ans - a

....

What is a scatter diagram ?

a. diagram which scatters all elements of the variable.
b. A graphic representation of the relationship of the variables
c. Helps plot observed values
d. b & c

Ans - d

....

What variation does moving average method eliminate ?

a. seasonal
b. cyclical
c. Irregular
d. secular trend

Ans - a

....

What are sampling groups which are very similar within but dissimilar without are called?

a. cluster

……

………

b. stratified

c. systematic

d. random

Ans - b

....

Which is an example of sinking fund?

a. perpetuity

b. annuity

c. gratuity

d. none of the above

Ans - b

....

What is the rule of 72 ?

a. 12 times table

b. rule for calculating future cash flows

c. rule for compounding present cash flows

d. rule for knowing how quickly money doubles

Ans - d

....

Which method helps us draw a line between the set of scattered points?

a. regression method

b. correlation method

c. least square method

d. least fit method

Ans - c

....

A loan of Rs. 1 lac is paid back in 5 equal annual installments. The roi charged is 20% annually. Find the amount of each loan?

a. 34338

b. 33348

c. 33438

………

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……

d. 33834
Ans - c

Explanation :
Here,
FV = Rs. 100000
T = 5 years
R = 20% p.a. = 0.2%

EMI = P * R * [(1+R)^T/(1+R)^T-1)]
= 100000 × 0.2 × 1.25 ÷ (1.25– 1)
= 33438
....

In systematic sampling, each ...... has an equal chance of being selected.

a. sample
b. element
c. both of these
d. none of these

Ans - b
....

What is repayment of entire loan principal at the end of the loan period called ?

a. balloon payment
b. compounded payment
c. annuity
d. term payment

Ans - a
....

A quarterly repayments of a loan carry an interest rate of 8 % per annum. What is the effective annual interest rate?

a. 8.4 %
b. 8.2 %
c. 8.3 %
d. 8.5 %

Ans - b
....

……

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………

If a standard error of a statistic is less than that of another then the former is said to be ......

a. efficient
b. unbiased
c. consistent
d. sufficient

Ans - a

....

If the maturity of a bond is long into the future the interest rate is higher. Why?

a. longer term maturity is more sensitive to price fluctuation than shorter term
b. the attractiveness of longer term is related to interestonly
c. longer term bonds are generally issued by institutions of lesser rating
d. longer term maturity is less sensitive to fluctuation than shorter term

Ans - a

....

If prices double, what happens to real value of rupee?

a. remains same
b. doubles
c. halves
d. changes in unlike proportions

Ans - c

....

A form of economy in which decisions regarding production and consumption are taken by individuals and firms is called : (i) Marketing economy, (ii) capitalistic economy

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

Ans - d

....

What sector is called as Primary Sector in India?

a. Industrial Sector

………

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………

b. Service Sector
c. External Sector
d. Agricultural Sector

Ans - d

....

Some times an individual may not be clear about the various expections that people have from his role and this causes......

a. Role stagnation
b. Inter-role distance
c. Role ambiguity
d. Role-set conflicts

Ans - c

....

A fund which is created by companies to make payment of balloon repayment loans by regular annual contributions to have adequate funds at the end of the period, when repayment fails due is called...

a. reserve fund
b. balloon fund
c. sinking fund
d. repayment fund

Ans - c

....

Which of the following is not a method of selecting samples from a population?

a. Judgement sampling
b. Random sampling
c. Probability sampling
d. Cluster Sampling

Ans - c

....

Present value is Rs.20000. Interest rate is 12 % per annum. Interest is compounded on quarterly basis. What will be the cash flow at the end of first year?

a. 25210
b. 22150

……

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………

c. 22510
d. 21520

Ans - c

Solution :

Now there are 4 quarters (as compounding is quarterly) Interest rate per quarter is 3 per cent. So,

$C_4 = PV(1+i/100)^4$
  = 10000(1.03)^4
  = 10000*1.125509
  = 22510

....

If payments are made/received at the beginning of the period, this Annuity is called as ...

a. Perpetual Annuity
b. Annuity Ordinary
c. Annuity Due
d. Advance Annuity

Ans - c
....

In case of compound Interest, if compounding is done half yearly, then t is multiplied by ...

a. 2
b. 3
c. 4
d. 6

Ans - a
....

If you want to get Rs. 50000 after 1 year, how much you should invest at the interest rate of 10% ?

a. 45545
b. 45454
c. 44554
d. 44454

Ans – b

………

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……

Solution :

FV = PV $(1+r)^n$
50000 = PV $(1+10/100)^1$
50000 = PV $(1+0.1)$
50000 = PV (1.1)
PV = 50000/1.1
     = 45454

....

A bond that has no matuarity and pays a fixed coupon (or rate of interest) is called ...

a. Long term bond
b. Perpetual bonds
c. Console bonds
d. Non-repayable bonds

Ans - C

....

Given,

Recoveries of loan and advance - Rs. 1200 Crores
Misc capital receipt   - Rs. 600 Crores
Market loans   - Rs. 500 Crores
Short term borrowings   - Rs. 800 Crores
External assistance (Net)   - Rs. 300 Crores
State provident fund   - Rs. 400 Crores
Other receipts (Net)   - Rs. 800 Crores
Securities issued against small savings - Rs. 300 Crores
Recoveries of short term loans and advances from states and loans to govt servents - Rs. 600 Crores
Total Non Tax Revenue   - Rs. 3000 Crores
Net Tax Revenue   - Rs. 1000 Crores
Draw down cash balance   - Rs. 2000 Crores

Calculate Total Receipt ...

a. Rs 5700 Crores
b. Rs 9900 Crores
c. Rs 10300 Crores
d. Rs 11700 Crores

Ans – c

……

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……

Solution :

Total Receipt = Total Revenue Receipt + Capital Receipt + Draw down cash balance

Let us first calculate Total Revenue Receipt,

Total Revenue Receipt=Net Tax Revenue + Total Non Tax Revenue
    = 1000 + 3000
    = 4000 Crores

Now, let us calculate Capital Receipt,

Capital Receipt = Non Debt Receipt + Debt Receipt

Let us first calculate Non Debt Receipt,

Non Debt Receipt = Recoveries of loan & advances (deduct recoveries of short term loans & advance from state and loans to govt servants) +
MISC
Capital receipts
    = 1200-600+600
    = 1200 Crores

Now, let us calculate Debt receipt,

Debt Receipt = Market Loans + Short Term Borrowings + External assistance (NET) + Securities issued against Small savings + State provident fund + other Receipts(Net)
    = 500 + 800 + 300 + 300 + 400 + 800
    = 3100 Crores

Capital Receipt = Non Debt Receipt + Debt Receipt
    = 1200 + 3100
    = 4300 Crores

So,

Total Recepipt = Total Revenue Receipt + Capital Receipt + Draw down cash balance
    = 4000 + 4300 + 2000
    = 10300 Crores
....

Expand BPLRs

a. Benchmark Prime Lending Rates

……

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………

b. Benchmark Prime Loan Rates
c. Benchmark Process Lending Rates
d. None of the above

Ans - a

....

When the price of a product increases by 20%, the demand for the product decreases for 800 to 600. What is the price elasticity of demand for the product?

a. 1
b. 1.25
c. 1.5
d. 1.75

Ans - b

Solution :

Price Elasticity of Demand = % Change in Quantity Demanded / % Change in Price

% Change in Quantity Demanded = 200/800*100 = 25
% Change in Price = 20

Price Elasticity of Demand = 25/20 = 1.25

....

Given,

Currency with public - Rs. 120000 Crores
Demand deposit with banking system - Rs. 200000 Crores
Time deposits with banking system - Rs. 250000 Crores
Other deposit with RBI - Rs. 300000 Crores
Savings deposit of post office savings banks - Rs. 100000 Crores
All deposit with post office savings bank excluding NSCs - Rs. 50000 Crores

Calculate M2.

a. Rs. 570000 Crores
b. Rs. 620000 Crores
c. Rs. 670000 Crores
d. Rs. 720000 Crores

Ans – d

………

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……

Solution
M1 = currency with public + demand deposit with the banking system + other deposits with RBI
M1 = 120000+200000+300000
M1 = 620000

M2 = M1+Savings deposit of post office savings banks
So,
M2 = 620000+100000
M2 = 720000 Crores

....

If you wish an annuity to grow to Rs. 17000 over 5 years so that you can replace your car, what monthly deposit would be required if you could invest @ 12% compounded monthly?

a. 208
b. 280
c. 204
d. 240

Ans - a

Explanation :
Here,
FV = 17000
T = 5 years = 60 months
R = 12% yearly = 0.01% monthly
P =?
FV = P / R * [(1+R)^T - 1]
17000 = P × (1.01^60 − 1) ÷ 0.01
17000 = P × 81.6697
So,
P = 17000 / 81.6697 = 208
....

Factors of Production are : (i) Land, (ii) Capital, (iii) Entrepreneur

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

Ans - c
....

……

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………

In Vroom's theory, motivation is a product of ......

a. expectancy
b. instrumentality
c. valence
d. All of above

Ans - d

....

According to the Personality Job Fit theory, the six personality type are:Realistic,Investigative,Social, ... Enterprising and Artistic.

a. Jovial
b. Empathetic
c. Conventional
d. Timid

Ans - c

....

The MCLR will comprise of ...... (i) Marginal cost of funds, (ii) Negative carry on account of CRR, (iii) Operating costs & Tenor premium.

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

Ans - d

....

Banks shall review and publish their Marginal Cost of Funds based Lending Rate (MCLR) of different maturities every ......

a. week
b. month
c. quarter
d. year

Ans - b

....

The minimum average maturity is ...... for ECB up to USD 50 million or its equivalent.

………

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……

a. 2 years
b. 3 years
c. 4 years
d. 5 years

Ans - b

....

The minimum average maturity is ...... for ECB beyond USD 50 million or its equivalent.

a. 2 years
b. 3 years
c. 4 years
d. 5 years

Ans - d

....

ABC & co's balance sheet included the following accounts:

Cash: 10,000
Accounts Receivable: 5,000
Inventory: 5,000
Stock Investments: 1,000
Prepaid taxes: 500
Current Liabilities: 15,000

Find the Quick Ratio

a. 1.02
b. 1.05
c. 1.07
d. 1.09

Ans - c

Solution :

Quick Ratio = Cash + Cash Equivalents + Short Term Investments + Marketable Securities + Accounts Receivable) / Current Liabilities

= (10000+5000+1000) / 15000
= 16000 / 15000

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………

= 1.07

....

ABC & co's balance sheet included the following accounts:

Inventory : 5,000
Prepaid taxes : 500
Total Current Assets : 21,500
Current Liabilities : 15,000

Find the Quick Ratio

a. 1.02
b. 1.05
c. 1.07
d. 1.09

Ans - c

Solution :

Quick Ratio = (Current assets – Inventory - Advances - Prepayments Current Liabilities) / Current Liabilities

= (21500 - 5000 - 500) / 15000
= 16000 / 15000
= 1.07

....

Go through the following data and answer the question.

1. Consumptions - Rs. 100000 Cr
2. Gross investment - Rs. 75000 Cr
3. Govt spending - Rs. 25000 Cr
4. Export - Rs. 100000 Cr
5. Import - Rs. 75000 Cr
6. Indirect Taxes - Rs. 15000 Cr
7. Subsidies(on production and import) - RS. 10000 Cr
8. Compensation of employee - Rs. 500 Cr
9. Property Income - Rs. 500 Cr
    7,8,9 - Net receivable from aboard
10.Total capital gains from overseas investment - Rs. 20000 Cr

………

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……

11.Income earned by foreign national domestically - Rs. 10000 Cr

Calculate GDP

a. Rs. 220000 Cr
b. Rs. 225000 Cr
c. Rs. 230000 Cr
d. Rs. 235000 Cr

Ans - b

Solution :

GDP = Consumption + Gross investment + Government spending + (Exports - Imports)
GDP = C+I+G+(X-M)
   = 100000+75000+25000+(100000-75000)
   = 225000

....

The theory of distribution refers to ...... (i) The distribution of income among various factors of the production, (ii) The distribution of income among different individuals in the economy.

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

Ans - a
....

Which of the following is not a seiective credit control measure? (i) Rationalizing of Credit, (ii) Open market observations, 9iii) Changes in the statutory liquidity ratio

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

Ans - b
....

Essential services owned and controlled by government is called ...... (i) Public monopoly, (ii) Public utility, (iii) Public Sector

……

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………

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

Ans - d
....

National Income is based on ...... (i) Total Production x prices, (ii) Rent + wages + Interest + Profit, (iii) Domestic Income + NFI

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

Ans - d
....

Which of the following is included in the calculation of gross domestic product? (i) Personal consumption expenditure, (ii) Gross domestic investment, (iii) Purchase by the government

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

Ans - d
....

Which of the following circumstances would be likely to bring about a change in the demand schedule for a product? (i) A fall in the price of the product, (ii) An increase in the number of potential consumers, (iii) A new method of producing the product

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

Ans - a
....

Gross National Product is greater than gross domestic product when ......

………

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………

a. NFI (from abroad) > 0
b. NFI < 0
c. NFI = 0
d. NFI = -1

Ans - a

....

The utility of a commodity is ......

a. Its expected social value
b. Its relative scarcity
c. The extent of its practical use
d. The degree of its fashion

Ans - b

....

Marginal utility curve of a given consumer is also his ......

a. Indifference curve
b. Demand curve
c. Supply curve
d. Total utility curve

Ans - b

....

Which of the following statements is correct? (i) Micro-economics is primarily concerned with the problem of what, how and for whom to produce, (ii) Micro-economics is primarily concerned with the behaviour of individual making units when at equilibrium, (iii) MiCro-economics is primarily concerned with the time path and process by which one equilibrium position evolves into another

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

Ans - c

....

Economic laws may be described as ......

a. Principles derived froman analysis of price and output determination.

………

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……

b. Generations concerning the economic behaviour of individuals and institutions.
c. Forecasts in quantitative terms of the economic development of society.
d. Expression of the basic features of competition.

Ans - b

....

The total utility is maximum when ......

a. MU is zero
b. AU is the highest
c. MU is the highest
d. MU is equal to AU

Ans - a

....

The law of diminishing marginal utility states that ......

a. As more of a commodity is consumed total satisfaction diminishes.
b. The more you have of a particular commodity the less you want more of it.
c. As more units of a commodity are produced the price of the commodity will fall
d. The consumption of further units of a commodity will bring a steady increase in the amount of satisfaction obtained.

Ans - b

....

Bonds may be ...... (i) Secured by Fixed charges on assets, (ii) Floating charge on assets, (iii) Unsecured debentures can also be issued

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

Ans - d

....

To convert an annual trend equation to a monthly basis, when original data are given as totals ......

'a' is divided by 12 and 'b' by 144
b. 'a' is divided by 12 and 'b' by 12
c. 'a' is divided by 144 and 'b' by 12

……

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………

d. 'a' is divided by 144 and 'b' by 144

Ans - a

....

Changes that have taken place as a result of such forces that could not be predictel !Ilse floods etc. are known as ......

a. seasonal variations
b. erratic variation
c. cyclical variation
d. none of the above

Ans - b

....

Seasonal variations repeat during a period of ......

4: 12 months
b. 24 months
c. 36 months
d. 46 months

Ans - a

....

Debentures are ...... (i) Normal types of bonds issued by Corporates, (ii) It is unsecured debt, backed only by the name and goodwill of the Company, (iii) In the event of the liquidation of the corporation, holders of debentures are repaid before stockholders, but after other secured creditors

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

Ans - d

....

Based upon the concept of present value, a bond that paid a "below market" rate of interest (say 3%), would sell at ......

a. A price above its maturity value
b. A price equal to its maturity value
c. A price below as maturity value

………

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……

d. None of the above.

Ans - c

....

The most important factors covering Magna' variations are ...... (i) growth of population, (ii) technological improvements, (iii) weather

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

Ans - d

....

The general movement persisting over long period Is called ......

a. secular trend
b. seasonal trend
c. trend value
d. none of the above

Ans - a

....

The Value of a bond is ......

a. Its Face Value
b. Present value of its future Cash flows
c. Market Price
a. Issue price

Ans - b

....

The most widely used method of measuring seasonal variations Is ......

a. ratio to moving averages method
b. ratio to trend method
c. link relative method
d. method of simple averages

Ans - a

……

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………

…………………………………………

Irregular variations are caused by …… (i) floods, (ii) strikes, (iii) wars

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

Ans - d

…………………………………………

An increase in the price of a commodity, other things remaining same, results in ……

a. Increase in price
b. Increases in quantity supplied
c. Increase in demand
d. Taxes

Ans - b

…………………………………………

Supply remaining constant, if demand increases, price will ……

a. Rise
b. Remains constant
c. Fluctuate
d. Fall

Ans - a

…………………………………………

"Free Trade Area" denotes ……

a. Free Exports
b. A group of countries which have decided to impose no duties of any kind on imports from other members of the group
c. Free Exports & Imports
d. All the above

Ans - b

…………………………………………

Which of the following are among the major determinants of the interest rate in the Keynesian theory?

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………

a. People's desire to hold money and to keep their wealth in liquid form
b. The available stock of money
c. The intensity of speculation on the stock exchange
d. The value of gold and silver on the world's markets

Ans - c

....

A fall in the price of a commodity whose demand curve is a rectangular hyperbola causes total expenditure on the commodity to ......

a. Remain unchanged
b. Increase
c. Decrease
d. Any of the above

Ans - a

....

A time series Is a set of observations taken at specified time, usually at ......

a. equal Intervals
b. unequal intervals
c. only at short-term intervals
d. none Of the above

Ans - a

....

Which one of the following is a component of time series ? (i) secular trend, (ii) seasonal variations, (iii) cyclical variations

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

Ans - d

....

We find irregular variations due to ...... (i) lock outs, (ii) transport bottlenecks (iii) floods

a. Only (i) and (ii)

………

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……

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

Ans - d

....

How can we remove seasonal variations ? (i) reducing prices in seasons, (ii) introducing different products having different seasons

a. Only (i)
b. Only (ii)
c. Either (i) or (ii)
d. Neither (i) nor (ii)

Ans - d

....

Coupon rate means ......

a. Market rate of return of a bond / Debentt ire
b. The rate at which the bond would pay interest at stipulated periods
c. The total amount (Principal+ Interest) that a bond would pay
d. Yield to maturity of the bond

Ans - b

....

What is the sequence of the following phases in business (i) depression, ii) prosperity, iii) recovery, iv) recession

a. ii, iv, i, iii
b. iv, ii, I, iii
c. iv, i, if, iii
d. iii, II, iv, I

Ans - a

....

A stage when a person attempts to achieve ego integrity by examining whether life has been meaningful or satisfying, in the context of career planning, is called ......

a. adolescence
b. young adulthood

………

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……

c. adulthood
d. maturity

Ans - d

....

D * YTM/1 + YTM gives: (D means duration and YTM means yield to maturity)

a. duration of the bond
b. bond price elasticity
c. yield to maturity of the bond
d. interest rate elasticity

Ans - d

....

If A invests Rupees 100 at 7 per cent interest rate for 3 years, what will be the value at the end of 3 years?

a. 121.50
b. 122.50
c. 123.50
d. 124.50

Ans - b

Solution
FV=PV* (1+r)^n
= 100(1+0.07)^3
= 100*1.2250
= 122.5
or
A = P(1+r/n)^t
= 100(1.07)^3
= 100 X 1.2250
= 122.50

....

My grandfather, starts giving me gifts of Rupees 1 lakh for the next 4 years. If the interest rate is 10 per cent pa, how much will I get at the end of 4 years?

a. 414600
b. 416400
c. 461400

………

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……

d. 464100

Ans - d

Solution
FV=P/R {(1+r)^n-1}
=100000/0.10{(1+.1)^4-1}
=1000000 (1.4641-1)
=1000000*0.4641
=464100

....

A quarterly repayments of a loan carry an interest rate of 8per cent per annum. What is the effective annual interest rate?

a. 7.24
b. 7.29
c. 8.24
d. 8.29

Ans - c

Solution
Effective int rate=(1+r/n)^n-1
ROI =08/4=2
here quarterly (1.02/4)^4-1
=1.0824-1
=0824/100
=8.24
....

Vroom's Expectancy Theory of motivation consists of ...... elements

a. 2
b. 3
c. 4
d. 5

Ans - b
....

Which of the following is not element in Vroom,s expectancy of motivation ?

a. valence

……
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……

b. operant conditioning
c. Expectency
d. Intrumentality

Ans - b

....

According to Vroom's Expectancy Theory of motivation, Valence is ......

a. the individual,s belief that the accomplishment of a given task will result in the attainment of some valued reward
b. the strength of an individuas perference for obtaining some particular outcome
c. the confidence that individual may have in themselves in accomplishing a certain task
d. None of the above

Ans - c

....

With a view to make the job more interesting, meaningful and challenging, this process of building several positive, intrinsic inducements and attractions is referred to ......

a. Job Rotation
b. Job enrichment
c. Job enlargement
d. Job Design

Ans - b

....

Theory X and Theory Y Proposed by ......
a. Maslow
b. McGregor
c. Vroom
D. Jucius

Ans - b

....

Hawthrone studies have underlined the importance of which of the following?

a. Contingency approach to management
b. Scientific approach to management
c. Modern approach to management
d. Human relations approach to management

……

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……

Ans - d

....

Job evaluation is used for ......

a. Determining wage rate differentials
b. Study of job evaluation
c. Rating of employee merit
d. Determining production cost

Ans - a

....

Within Maslow's hierarchy of needs, the need for belonging is associated with ......

a. physiological needs
b. safety needs
c. social needs
d. esteem needs

Ans - c

....

According to Maslow, an employee who has a need for more self-respect has unmet ......

a. physiological needs
b. safety needs
c. social needs
d. esteem needs

Ans - d

....

McGregor assumed that people who were lazy would normally be viewed through ......

a. Theory X
b. Theory Y
c. Social Needs Theory
d. Physical Needs Theory

Ans - a

....

……

………

Theory Y assumes that people inherently ......

a. need satisfaction of need to belong more than anything else
b. avoid responsibility and need to be closely controlled
c. want to work and exercise self-direction
d. work to satisfy hygiene factors

Ans - c

....

According to Dalton, Thompson and Price, in the career path, which of the following is required to define the direction in which the entire organization or at least a majorsegment of the organization would develop?

a. apprentice
b. colleague
c. mentors
d. sponsors

Ans - d

....

According to Driver, in the ...... an individual takes a new job, works hard, performs well, moves up in status and rank and then moves on to another type of work and follows the same pattern of development and performance.

a. steady state careers
b. transitory pattern
c. spiral career
d. plateau career

Ans - c

....

Under career pattern, Schein has given comprehensive framework of 3 dimensional movements. The movement is along the ...... hierarchy of the organization

a. vertical
b. circumferential
c. radial
d. cervical

Ans - a

....

………

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………

According to Schein, there are ...... type of career anchors

a. two
b. three
c. four
d. five

Ans - d

....

Which of the following career anchor category, as per Schein concept, does not match?

a. some individuals want to create something new – autonomy
b. some individuals are not comfortable with organization life They like to start something and want to make it a success - autonomy
c. some individuals want to create something new – creativity
d. none of the above

Ans - a

....

Which period give more tangible trend ......

a. shorter period
b. long period
c. medium period
d. none of the above

Ans - b

....

Convertible debentures ...... (i) Have the features of a Straight Bond (Normal), (ii) Can be exchanged for stock of the Company on a given future date, (iii) Instruments for raising long term Capital for the Company

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

Ans - d

....

………

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………

At Rs. 30 demand for sugar is 500 Kg. When the price falls to Rs. 24, the demand increases to 600 Kg. The price elasticity of demand of sugar is ......

a. 2
b. 2.5
c. 3
d. 3.5

Ans - c

Solution :

Price Elasticity of Demand = % Change in Quantity Demanded / % Change in Price

% Change in Quantity Demanded = 100/500*100 = 20
% Change in Price = 6/30*100 = 20

Price Elasticity of Demand = 20/20 = 1

....

Which of the following statements are true regarding credit derivatives products? (i) The protection buyer is the lending bank, (ii) The protection seller can be another bank or any other organization, (iii) The credit asset is transferred in case of derivatives

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

Ans - a
....

Which of the following are counted while computing value of compensation of employees? (i) Wages and salaries in cash, (ii) Employees contribution to PF, (iii) Rent free quarters provided to workers

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

Ans - b
....

……

……

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

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

Ans - a

....

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

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

Ans - d

....

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

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

Ans - c

....

Summary of a Balance sheet of XYZ Company

Current Liabilities (in Crores)

Cash Credit - 800
Trade Creditors - 4500
Other Current Liabilities - 1200

Total Current Liabilities – 6500

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……

Current Assets (in Crores)

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

Total Current Assets - 8500

Find out

1. Current Ratio

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

Ans - b

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

2. Acid-Test Ratio

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

Ans - b

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

3. Net Working Capital

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

Ans - a

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

……

……

4. Working Capital Cap

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

Ans - b

Working Capital Cap = CA - (CL - BB) = 8500 - (6500 - 800(CC)) = 8500 - 5700 = 2800

5. MPBF as per Tandon Committee - Method-I

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

Ans - c

MPBF as per Tandon Committee - Method-I = WCG - 25% of WCG = 2800 - 25% of 2800 = 2800 - 700 = 2100

6. MPBF as per Tandon Committee - Method-II

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

Ans - a

MPBF as per Tandon Committee - Method-II = WCG - 25% of CA = 28000 - 25% of 8500 = 2800 - 2125 = 675

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

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

Ans - b

……

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……

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

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

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

Ans - c

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

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

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

Ans - c

Borrowing by the way of Cash Credit = 800
MPBF as per Tandon Committee - Method-I = 2100
So, Borrowing by the way of Cash Credit is short by (2100 - 800) = 1300 Crores

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

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

Ans - b

Borrowing by the way of Cash Credit = 800
MPBF as per Tandon Committee - Method-II = 675
So, Borrowing by the way of Cash Credit is excess by (800 - 675) = 125 Crores

....

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……

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

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

Ans - b

....

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

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

Ans - d

....

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

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

Ans - b

....

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

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

Ans - b

....

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……

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

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

Ans - a

....

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

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

Ans - c

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

....

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

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

Ans - b

....

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

a. Only (i) and (ii)

……

………

b. Only (i) and (iii)

c. Only (ii) and (iii)

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

Ans - a

....

A bank calculates that its individual savings accounts are normally distributed with a mean of Rupees 2,000 and a standard deviation of Rupeess600. If the bank takes a random sample of 100 accounts, what is the probability that the sample mean will lie between Rupees 1,900 and Rupees 2,050?

a. 0.4792

b. 0.7492

c. 0.7942

d. 0.9742

Ans - b

Explanation :

Standard Error = SD / √(N)

= 600 / √100

= 600 / 10

= 60

Using the equation

z = (x bar minus Mu)/SE

we get 2 z values

for x bar = Rs. 1900,

z = (1900 - 200) / 60

= (-100) / 60

= -1.67

for x bar = Rs. 2050,

z = (2050 - 200) / 60

= 50 / 60

= 0.83

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

....

………

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……

...... is a parameter, whereas ...... is a statistic. (i) N, Mu, (ii) Zigma, s, (iii) N, n

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

Ans - c

....

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

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

Ans - c

....

The value of 'r' ......

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

Ans - d

....

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

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

Ans - a

....

Select the incorrect statement:

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

……

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………

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

Ans - d
....

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

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

Ans - d
....

Which of the following statementsis not correct?

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

Ans - d
....

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

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

Ans - c
....

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

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

………

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……

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

Ans - c

....

In economics 'Valueof next best alternative foregone' is called:

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

Ans - b

....

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

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

Ans - b

....

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

a. Share in the total expenditure
b. Multiple usesof the commodity
c. Availability of close substistutes
d. None of these

Ans -d

....

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

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

Ans – a

……

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………

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

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

Ans - c

....

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

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

Ans - c

....

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

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

Ans - d

....

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

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

………

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………

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

Ans - c

....

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

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

Ans - b

....

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

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

Ans - d

....

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

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

Ans - d

....

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

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

……

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………

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

Answer the following based of the above information

Whether the Bank has achieved the target for Agriculture Advances?

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

Ans - a

....

Whether the Bank has achieved the target for MSE Advances?

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

Ans - d

....

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

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

Ans - b

....

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

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

Ans - c

....

………

………

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

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

Ans - a

....

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

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

Ans - b

....

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

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

Ans - d

....

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

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

Ans - d

....

………

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………

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

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

Ans – a

....

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

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

Ans - b

....

Market Demand Curve obeys the ......

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

Ans - a

....

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

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

Ans - b

....

………

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……

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

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

Ans - b

....

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

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

Ans - b

....

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

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

Ans - a

....

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

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

Ans - d

Explanation :

Here,

……

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……

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

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

EMI = 900000 * 0.09 * 1.0915 ÷ (1.0915 – 1)
= 111653

....

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

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

Ans - d

....

The result of discarding extreme values before averaging is called ......

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

Ans - b

....

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

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

Ans - d

....

Project loans can be given by the bank to

a. Only corporate

………

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………

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

Ans - d

....

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

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

Ans - b

....

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

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

Ans - a

....

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

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

Ans - c

....

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

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

………

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……

d. Return of cheques or bills

Ans - d

....

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

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

Ans - b

Explanation :

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

....

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

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

Ans - c

....

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

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

....

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………

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

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

Ans - d

Explanation :

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

So,
r = 1.0398 – 1
= 0.0398
= 3.98%
....

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

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

Ans - a
....

Hindu rate of growth is ……

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

Ans - b
....

………

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………

CPI is the cost of living index popularly known as ......

a. Cost –push inflation
b. Demand – pull inflation
c. Core inflation
d. Headline inflation

Ans - c

....

Which of the following are credit risk? (i) Unwillingness of a customer to meet his commitment relating to a financial transaction with the bank, (ii) Inability of the customer to reimburse the bank in case of invocation of a guarantee or devolvement of an L.C, (iii) Inability of a customer to meet his commitment relating to a financial transaction with the bank

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

Ans - d

....

Which if the following statement is NOT true?

a. CPI reflects the change in the level of prices of a basket of goods and services purchased/consumed by the households at the retail level.
b. WPI reflects the change in the level of prices of a basket of goods traded between corporations at the wholesale level.
c. GDP deflator is based on a fixed basket of goods and services and this basket is not changed according to people's consumption and investment patterns.
d. WPI helps to monitor price movements that reflect price movements that reflect supply and demand in industry, manufacturing and construction sectors.

Ans - c

....

Bank calculates that its individual savings accounts are normally distributed with a mean of Rs 2000 and a standard deviation of Rs 600. If the bank takes a random sample of 100 accounts, What is the probability that the sample mean will lie between Rs 1900 and Rs 2050?

a. 0.7492
b. 0.8542
c. 0.5357

………

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……

d. 0.4573

Ans - a

....

CSO (Central Statistical Organization) classifies the industrial sector into ...... segments.

a. 2
b. 3
c. 4
c. 5

Ans - b

....

Pick the incorrect statement.

a. Bond prices and rate of interest are inversely related.
b. If bond prices go down, rate of interest increases.
c. If bond prices go up, rate of interest rises.
d. If bond prices go up, rate of interest declines.

Ans - c

....

For a given year if an adjusted seasonal index is > 100 then for some other period it is

a. < 100
b. > 100
c. = 100
d. none of the above

Ans - a

....

Given,

M2 - 700000 Crores
Currency with public - Rs. 100000 Crores
Demand deposit with banking system - Rs. 150000 Crores
Time deposits with banking system - Rs. 150000 Crores
Savings deposit of post office savings banks - Rs. 60000 Crores
All deposit with post office savings bank excluding NSCs - Rs. 50000 Crores

………

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……

Calculate Other deposit with RBI

a. Rs. 240000 Crores
b. Rs. 250000 Crores
c. Rs. 390000 Crores
d. Rs. 400000 Crores

Ans - c

Solution :

M2 = M1+Savings deposit of post office savings banks
M1 = currency with public + demand deposit with the banking system + other deposits with RBI

So,
M2 = currency with public + demand deposit with the banking system + other deposits with RBI + Savings deposit of post office savings banks
Other deposit with RBI = M2 - currency with public - demand deposit with the banking system - Savings deposit of post office savings banks
Other deposit with RBI = 700000 - 100000 - 150000 - 60000
Other deposit with RBI = 390000 Crores

....

Pick odd man out

a. Boom
b. Depression
c. Slowdown
d. Recovery

Ans - c
....

Which of the following are correct regarding infrastructure project by the banks? (i) Banks are allowed to funds promoters' equity in certain circumstances, (ii) Asset liability mismatch has been permitted by RBI, (iii) IDFC provides liquidity support to banks

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

Ans - b
....

……

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……

Which of the following is the queue processing and reordering in RTGS?

a. FIFO
b. Bypass FIFO
c. FIFO with prioritization
d. All of the above

Ans - d

....

What government of India does in open market operations to suck money from the market?

a. Absorb bonds
b. Sell bonds
c. Increase CRR
d. Increase interest Rate

Ans - b

....

A bond has been issued for a 10 year 12% coupon bond. The face value of the bond is Rs 1000.00 and the bond makes annual coupon payments. If the bond is trading at Rs 967.25 , what is the bond's yield to maturity?

a. 12.00%
b. 12.59%
c. 11.26%
d. 13.27%

Ans - a

....

ABC Corporation has just issued a 10 year 12% bond. The face value of the bond is Rs 1000.00 and the bond makes semiannual coupon payments. If the bond is trading at Rs 867.25, what is the bond's YTM?

a. 12.00%
b. 12.37 %
c. 14.56%
d. 10.86%

Ans - c

....

……

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……

The real return is 10% and the expected rate of return is 4.5% . What is the nominal rate of return?

a. 4.50%
b. 14.95%
c. 10.00%
d. 8.69%

Ans – b

....

Monica purchased a bond with face value of Rs. 1000 and Coupon of 8% and maturity of 4 years. If YTM is increased by 1%, the change in price of bond would be......

a. 23.69
b. 32.69
c. 23.96
d. 32.96

Ans - d

Explanation :

If YTM is 9%, then bond's price
= [80 × (1.09^4 – 1) ÷ 0.09 + 1000] ÷ 1.09^4
= 967.604

So, change in price of the bond
= 1000 - 967.64
= 32.96 decrease

(Since Coupon rate < YTM, so Bond's Value < FV)
....

In economics, fiscal policy has got two main instruments.

a. government reserve and capital
b. CRR and SLR
c. Base rate and Bank rate
d. government spending and taxation (revenue collection)

Ans - d

....

……

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……

Changes in the level and composition of taxation and government spending can have impact on the following variables in the economy. Pick up the odd one.

a. Aggregate demand and the level of economic activity
b. The pattern of resource allocation
c. The proper utilization of funds
d. The distribution of income

Ans - c

....

A committee was set up in January 2000 for the fiscal responsibility and budget management act(FRBM). This was headed by......

a. Mr. M narsimanan
b. Dr. EAS Sharma
c. Mr. R Raghawan
d. Mr. AK Choudhary

Ans - b

....

A jar contains 3 red marbels , 7 green marbels and 10 white marbles. If a marble is drawn at random , What is the probability that marble drawn is white ?

a. 2/5
b. 1/2
c. 3/8
d. 10/13

Ans - b

....

ABC Inc has a 12 year bond outstanding that makes 9.5% annual coupon payments. If the appropriate discount rate is for such a bond is 7% , what is the appropriate price of bond ?

a. 1254.87
b. 1198.57
c. 1158.57
d. 1232.56

Ans - b

....

……

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……

The aim of a rehabilitation programme is:

a. To make the operations of the enterprise viable again
b. To help in employment generation
c. To comply with R B I guidelines
d. To increase bank's advances

Ans - a

....

Banks enter into compromise with borrowers in case of default, because:

a. Recovery through legal action is time consuming
b. Adequate security is not available
c. Realization or security may be difficult
d. All the above

Ans - d

....

Maximum loan amount under housing finance to repair a house at a rural place can be Rs. ?

a. 1 lakh
b. 2 Lakh
c. 5 Lakh
d. 10 Lakh

Ans - a

....

Suppose you start a rent-a-car business and want to buy an automobile. You have a choice of buying the car cash down for Rs 400000 or paying Rs 90000 a year for five years for the same car. What would you do, if the opportunity cost is 10 % ?

a. Go for Cash down payment
b. Take auto loan
c. Cannot say
d. NOTA

Ans - b

....

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………

100% FDI is permitted under a very limited number of sectors. Which of the following is one of them?

a. retail trading and lottery business
b. investment companies
c. petroleum and air transport
d. defence, insurance and asset reconstruction

Ans - a

....

Under which of the following, 100% FDI is not permitted?

a. retail trading and lottery business
b. gambling and betting
c. atomic energy
d. print media and insurance

Ans - d

....

FII are permitted to invest in debt instruments issued by ......

a. private corporate
b. government
c. both a and b
d. None of these

Ans - c

....

Which of the following are macro level action for mitigation of credit risk? (i) Improving appraisal standards of credit proposals, (ii) Periodically reviews of the exposure norms for single and group borrowers, (iii) Frequent reviews of norms and fixing internal limits for aggregate commitments to specific sectors of the industry or business

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

Ans - c

....

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……

The economy, in which the government makes all important decisions about production and distribution, is called a ...... economy.

a. Laissez-faire economy
b. Socialistic economy
c. Command economy
d. Either of b or c

Ans - d

....

Pick odd man out.

a. Rent
b. Interest
c. Wages
d. Money

Ans - d

....

Which one is the force behind the Supply Curve?

a. Cost of production
b. Technological advances
c. Government policies
d. All of the above

Ans - d

....

Priya purchased a bond with face value of Rs. 1000 and Coupon of 8% and maturity of 4 years. If YTM is reduced by 2%, the change in price of bond would be......

a. 63.90
b. 69.30
c. 36.90
d. 39.60

Ans - b

Explanation :

If YTM = 6%, bond's price

………

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……

$= [80 × (1.06^4 – 1) ÷ 0.06 + 1000] ÷ 1.06^4$
= 1069.30,

So, change in price of the bond
= 1069.30 - 1000
= Rs. 69.30

....

In capital market the erstwhile badla system is replaced by ......

a. open market system
b. outcry system
c. option and futures
d. Logging system

Ans - c

....

IS curve and LM curve relates which of the two variables?

a. Demand and supply
b. Money and market
c. Money and interest rate
d. Income and rate of interest

Ans - d

....

You bought a 5 year Zero Coupon bond with a Rs 1000 face value for Rs 735.67. What is the YTM of this bond?

a. 10.36%
b. 6.33%.
c. 4.69%
d. 8.18%

Ans - b

....

Given,

Currency with public - Rs. 90000 Crores
Demand deposit with banking system - Rs. 180000 Crores
Time deposits with banking system - Rs. 220000 Crores

……

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………

Other deposit with RBI - Rs. 260000 Crores
Savings deposit of post office savings banks - Rs. 60000 Crores
All deposit with post office savings bank excluding NSCs - Rs. 50000 Crores

Calculate broad money M3.

a. Rs. 490000 Crores
b. Rs. 530000 Crores
c. Rs. 570000 Crores
d. Rs. 750000 Crores

Ans - d

Solution :
M1 = currency with public + demand deposit with the banking system + other deposits with RBI
M1 = 90000+180000+260000
M1 = 530000

M3 = M1+Time deposit with banking system
So,
M3 = 530000+220000
M3 = 750000 Crores
....

The finance minister is required to keep parliament informed through ...... reviews on the implementation and to take corrective measures if the reviews show deviations.

a. Halfyearly review
b. Annual reviews
c. Monthly review
d. Quarterly review

Ans - d
....

Microeconomics is concerned with the behaviour of ...

a. GDP
b. Individual Firms
c. Employment
d. All the above

Ans - b
....

………

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………

Which of the following statements are correct for project appraisal? (i) Capacity of promoters to arrange for additional funds, in case of contingencies, forms a part of economic appraisal, (ii) The contribution of promoters forms a part of economic appraisal, (iii) Promoters' background is part of the management appraisal

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

Ans - c

....

...... is learning for growth of the individual not related to a specific present or future job.

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

Ans - c

....

Mr. Ram is working in ABC Corp., since last 30 years. Now he is at an age of 59 due to his old age he is unable to complete his social and biological roles and feeling unwanted and uselessness, the condition of Mr. Ram is said to be...

a. Guilt
b. Inferiority
c. Isolation
d. Dispair

Ans - d

....

KPA stands for...

a. Key Performance Areas
b. Knowledge, Performance and Attitude
c. Knowledge, potential and Achievement
d. None of the above

Ans - a

....

………

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……

The education model available for education of children is called ......

a. Andragogy
b. Cognitive
c. Pedagogy
d. Minorology

Ans - c

....

To control employee behavior at work place as daydreaming, forgetfulness, absenteeism, tardiness, sabotage, alcoholism and drug abuse can be analysed through...

a. Through Trait theory
b. Through psychoanalytical studies
c. Through self concept theory
d. Through Social learing theory

Ans - b

....

Which of the following is not an unsatisfactory sign in conduct of the account of the borrower?

a. Delay in payment of interest or installments
b. routing of transactions with some other bank
c. Frequent over drawings
d. High turnover

Ans - d

....

Which of the following are correct regarding term loans by the banks? (i) Asset liability matching is an important consideration in term financing, (ii) Current ratio is the most important ratio in appraisal of a term loan, (iii) Installment of term loan, payable within one year is considered as current liability

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

Ans - b

....

……

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………

Which of the following is not the purpose credit audit?

a. Improvement in the quality of credit portfolio
b. Review sanction process and compliance status of large loans
c. Feedback on regulatory compliance
d. Stock inspection

Ans - d

....

Purpose of appointing bank's nominee on company's board of borrowing company is:

a. To keep a tab on the important decisions of the board
b. To be a part of the management
c. To guide the company for better working
d. To safeguard the securities charged to the bank

Ans - a

....

Which of the following is not correct for SFMS?

a. Uses Text messages
b. Uses server signing PKCs
c. Uses server encryption PKCs
d. Access can be restricted to HTTPS

Ans - a

....

Which of the following is not the type of smart cards?

a. Stored Value Cards
b. Re-loadable and disposable cards
c. Closed and open stored value cards
d. None of these

Ans - d

....

In RTGS, IDL is

a. Intra Day Liquidity
b. Inter-bank Debit List

………

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……

c. Instrument Debit List
d. None of these

Ans - a

....

FEDWIRE is a

a. Net settlement system
b. Gross Settlement system
c. Deferred net settlement system
d. Deferred gross settlement system

Ans - b

....

LM curve is derived from

a. Classical theory
b. Keynesian liquidity preference theory of interest
c. Law of diminishing marginal utility
d. Law of equimarginal utility

Ans - b

....

Underemployment of both men and materials is a characteristic of which phase?

a. Depression
b. Boom
c. Recovery
d. Recession

Ans - a

....

Which phase of the business cycles also known as the crisis?

a. Boom
b. Depression
c. Recovery
d. Recession

Ans – d

……

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………

Cash = Rs 50000/-
Debtors = Rs 100000/-
Inventories = Rs 150000/-
Current liabilities = Rs 100000/-
Total current assets = Rs 300000/-
The quick ratio = ?

a. 1.5:1
b. 2:1
c. 3:1
d. 3:2

Ans - a

Let me Explain
Since Quick ratio = Quick asset / CL
Here Quick asset = CA- Inventory
Now CA= (Cash + Debtor.....etc) = Rs 300000/-
Here inventories = 150000/-
CL = 100000/-
Hence QR= 150000/100000
i.e 1.5:1
…………………………………………

Which of the following are micro level action for mitigation of credit risk? (i) Improving sanctioning and delivering process, (ii) Obtention of collateral security, (iii) Monitoring and review of individual proposals/categories of proposals

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

Ans - d
…………………………………………

The Concept of career path relates to ...... of movements and deciding the ...... for each stage.

a. Sequence, time period
b. Number, candidates
c. Decision, number
d. Type, time period

Ans – a

………

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……

Johari Window is most useful for ......

a. Understanding others
b. Self-Awareness
c. Working in Teams
d. Improving inter-personal relations

Ans - b

....

Current ratio of a unit is 2:1 and quick ratio is 1:1. The level of current assets is Rs 20 lac. Find outthe amount of quick asset.

a. Rs 8 lac
b. Rs 10 lac
c. Rs 12 lac
d. Rs 15 lac

Ans - b

Let me Explain

Since CR = CA: CL
CR= CA:CL = 2:1
i.e. 20:CL= 2:1
i.e CL = 10 lac
Now QR= 1:1
Since QR= Quick asset/CL (here quick asset is CA-Inventory)
Hence QA= CL ~ 10 lac

....

Total assets is Rs 20 lac, current liabilities Rs 10 lac and capital and reserves Rs 4 lac. What is the debt-equity ratio?

a. 1:1
b. 1.25:1
c. 1.5:1
d. 1.75:1

Ans - c

Let me Explain

As per Balance sheet rule,

………

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………

Total assets = Total liabilities
Since total assets here is Rs 20 lac hence total liabilities must be 20 lac.
Now Long term debt = 20-(10+4) = 6 lac
and capital + reserve (TNW i.e tangible net worth) = 4 lac
Since DER = TL/TNW or debt/ equity or TL/equity
Hence 6/4 = 1.5

....

A 10%, 6-years bond, with face value of Rs. 1000 has been purchased by Mr. x for Rs. 900. What is his yield till maturity?

a. 12.47
b. 14.27
c. 11.74
d. 11.27

Ans - a

Explanation :

Here,
FV = 1000
CR = 10%
R (YTM) =?
T = 6 years
Coupon = FV × CR = 100
Bond's price = 900
Since FV > Bond's Value, Coupon rate < YTM (based on above three observations)
So, we have to use trial and error method. We have to start with a value > 10 and find the price until we get a value < 900.
Bond Price = (1/(1+R)^t)((coupon*((1+R)^t-1)/R)+Face Value)

So,
If YTM = 11%, price =957.69 (> 900, so keep guessing)
If YTM = 12%, price = 917.78 (> 900, so keep guessing)
If YTM = 13%, price = 880.06 (< 900, so stop)
So, YTM must lie between 12 and 13.
So, using interpolation technique,

YTM
= 12 + (917.78 – 900) ÷ (917.78 – 880.06)
= 12 + 17.78 ÷ 37.72
= 12.47%

 ....

………

……

...... theories hold that the learner is passive in the process of learning.

a. Cognitive Theories
b. Behaviourist Theories
c. Organismic Theories
d. Humanistic Theories

Ans - b

....

Left hemisphere controls right side of body and controls all except one. Pick up the odd one.

a. Sequential ordering
b. Complex motor sequences pattern
c. Simultaneous
d. Dominant

Ans - c

....

Working capital turn over ratio is 4 and current ratio is 3:1. If current liabilities are Rs 30 lac and net profit to sales percent 5% . What is the amount of net profit?

a. Rs 12 lac
b. Rs 15 lac
c. Rs 18 lac
d. Rs 24 lac

Ans - c

Let me Explain

CR = 3:1
Liabilities = 30 lac
Hence current asset will be 90 lac
Now since wc turn over is 4 that means the total turn over will be 90×4=360 lac
Then profit should be 360×5% = 18 lac

....

Which theory of personality believes that the traits of a person which determine his personality and behavior, are basically inherent to a person.

a. Psycho-analytical theory
b. Trait Theory

……

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………

c. Self concept theory
d. Social learning theory

Ans - b

....

...... theory of personality believes that the personality development is more a result of social variables than biological factors.

a. Psycho-analytical theory
b. Trait Theory
c. Self concept theory
d. Social learning theory

Ans - d

....

Split brain (right vs left) psychology is closely related to ESB. Which of the following is controlled by the left side of the brain? (i) speech, (ii) emotions, (iii) reading and writing

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

Ans - b

....

Union formations were seen in the ...... phase of development of HRM.

a. First phase
b. Second Phase
c. Third phase
d. Unions have been present even before HRM came in to existence

Ans - a

....

A sales man in a shop showed a suit piece and told the customer that the cloth is very good, but costly. He was using the following transaction:

a. Duplex
b. Angular
c. Complementary

……

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………

d. None of the above

Ans - b

....

A prominent politician was heard saying that that people state was incapable of joining the army. He was ......

a. Stereotyping
b. Projecting
c. Hallucinating
d. All of the above

Ans - a

....

Demand Schedule is the relationship between ...... (i) Price, (ii) Demand, (iii) Quantity bought

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

Ans - b

....

Which of the following statements are correct? (i) Human wants are unlimited, (ii) Means to satisfy human wants are unlimited, (iii) Means or resources have alternative uses

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

Ans - b

....

Go through the following data and answer the question (all in Indian Rupees in Crores)

1. Consumptions - Rs. 50000
2. Gross investment - Rs. 40000
3. Govt spending - Rs. 10000
4. Export - Rs. 90000
5. Import - Rs. 60000

……

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……

6. Taxes - Rs. 5000
7. Subsidies(on production and import) - RS. 1000
8. Compensation of employee - Rs. 500
9. Property Income - Rs. 500
   7,8,9 - Net receivable from aboard
10.Total capital gains from overseas investment - Rs. 1500
11.Income earned by foreign national domestically - Rs. 500

Calculate GDP

a. Rs. 100000
b. Rs. 110000
c. Rs. 120000
d. Rs. 130000

Ans - d

Solution :

GDP = Consumption + Gross investment + Government spending + (Exports - Imports)
GDP = C+I+G+(X-M)
   = 50000+40000+10000+(90000-60000)
   = 130000

....

Calculate Inflation, if Price index in current year is 12 and price index in base year is 10.

a. 20
b. 25
c. 30
d. 35

Ans - a

solution :

Inflation = (price index in current year-price index in base year)/(price index in base year)*100
 = (12-10)/10*100
 = 2/10*100
 = 20

....

……

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………

...... is not a measure of level of prices of all new, domestically produced final goods and services in an economy. (i) WPI, (ii) GDP deflator, (iii) CPI

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

Ans - b

....

Ram purchased two bonds bond-1 & bond-2 with face value of Rs. 1000 each and Coupon of 8% and maturity of 4 years & 6 years respectively. If YTM is increased by 1%, the % change in prices of bond-1 & bond-2 would be ......

a. 2.39 & 4.84
b. 3.29 & 4.84
c. 3.29 & 4.48
d. 2.39 & 4.48

Ans - c

Explanation :
Bond Price = (1/(1+R)^t)((coupon*((1+R)^t-1)/R)+Face Value)

Bond 1:
If YTM is 9%, then bond's price
= [80 × (1.09^4 − 1) ÷ 0.09 + 1000] ÷ 1.09^4
= 967.64

Bond 2:
If YTM is 9%, then bond's price
= [80 × (1.09^6 − 1) ÷ 0.09 + 1000] ÷ 1.09^6
= 955.14

So, % change in price of bond 1
= (1000 − 967.04) ÷ 1000
= 0.03296
= 3.29%
& % change in price of bond 2
= (1000 − 955.14) ÷ 1000
= 0.04486
= 4.48%

....

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……

...... % of small enterprises advances should go to micro enterprises in case of foreign banks.

a. 20
b. 40
c. 60
d. 80

Ans – c

....

Small enterprises advance and export credit does not financed by both public sector and PSU (export does not comes under priority sector advance). What percentage of small enterprises advance and export credit is supposed to be given ...... and ...... respectively?

a. 40 and 32 %
b. 18 and 10%
c. 10 and 12%
d. no target and 12%

Ans - c

....

RBI to free the lending rates of scheduled commercial banks for credit limit over ......

a. 01 Lakh
b. 02 Lakh
c. 05 lakh
d. 10 Lakh

Ans - b

....

MR. Rohit want to invest some money in XYZ co., he wants to purchase some stocks of this co. How can Mr. Rohit assess the financial statement of the XYZ co.?

a. by balance sheet
b. by EPS
c. by financial statement
d. all

Ans - d

....

……
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………

As per company act the maximum period of financial period is 15 months, MR Charles is GM of ABC co. due to some contingency he is unable to prepare his Financial statement. So he wants to extend his financial to another 03 months i.e 18 months maximum period of financial statement. MR Charles has to approach to whom for such extension.

a. Income Tex office
b. Reserve bank of India
c. Accountant general of region
d. Registrar of company

Ans – d
....

Cash = Rs 50000/-
Debtors = Rs 100000/-
Inventories = Rs 150000/-
Current liabilities = 100000/-
Total current assets = 300000/-
Quick Ratio = ?

a. 1:1
b. 1.5:1
c. 1.75:1
d. 2:1

Ans - b
....

Which one is the force behind the Supply Curve?

a. Cost of production
b. Technological advances
c. Government policies
d. All of the above

Ans - d
....

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

a. 1
b. 1:1.17

………

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………

c. 1.17:1
d. 2

Ans - c
CA= 50+150+150= 350
CL= 200+50+50=300
CR= CA:CL= 350:300
i.e 1.17:1
....

Which of the following is an external factor affecting credit risk?

a. Government policies
b. Faulty loan and repayment structuring
c. Overexposure (concentration) of credit to a particular segment
d. Lack of an efficient recovery machinery

Ans - a
....

What bank should do to avoid asset-liability maturity mismatch that may arise out extending long tenor to infrastructure projects ?

a. Return on investment
b. Break- even analysis
c. Liquidity support from IDFC
d. Take-out financing arrangement

Ans - d
....

Narrow Money consists of ...... (i) Time deposits, (ii) Currency with the Public Demand Deposits, (iii) Other Deposits with the RBI

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

Ans - c
....

………
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……

.... rate of interest which a central bank charges on the loans and advance that it extends to commercial banks and other financial intermediaries.

a. Base rate
b. Bank rate
c. CRR
d. Repo rate

Ans - b

....

The famous book "The Landmarks of Tomorrow" is written by ......

a. AK Rice
b. Peter F Drucker
c. Shiv Khera
d. Abraham Maslow

Ans - b

....

Money Supply refers to

a. The amount of money in banks
b. The amount of money with the people
c. The amount of money in circulation in an economy
d. None of the above.

Ans - c

....

In capital market, the screen based system is replaced by......

a. book keeping sys
b. loging system
c. Open cry system
d. Tele phonic System

Ans - c

....

The equilibrium price is also known as ......

a. Market price

……

………

b. Optimum price

c. Real price

d. Market-clearing price

Ans - d

....

The cash flow expected from a project is Rs. 700, Rs. 1000 and Rs. 1200 in the 1st, 2nd, & 3rd year. The discounting factor @ 10% roi is 1.10, 1.21 and 1.331. What is the total present value of these cash flows?

a. 3264

b. 3246

c. 2346

d. 2364

Ans - d

Explanation :

NPV = Σ {C÷ (1+r)T} – 1

Total Present Value

= Σ {C÷ (1+r)T}

= (700 ÷ 1.1) + (1000 ÷ 1.21) + (1200 ÷ 1.331)

= Rs. 2364

....

Macro Economics does not deal with ......

a. GDP

b. Unemployment Rates

c. Individual Firms

d. Price Indices

Ans - c

....

Priyanka made an investment of Rs. 18000 and he expects a return of Rs. 3000 p.a. For 12 years. What is the present value and net present value of the cash flow @ 10% discount rate?

a. 2114

b. 2414

c. 2441

d. 2141

………

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……

Ans - c

Explanation :

PV = 20441
NPV = PV – 18000
= Rs. 2441

....

Laissez-faire economy is ......

a. The extreme case of a market economy
b. The extreme case of a command economy
c. The extreme case of a mixed economy
d. None of these

Ans - a

....

Which of the following equations is correct?

a. GDP at factor cost = GDP at market prices - indirect taxes - subsidies
b. GDP at factor cost = GDP at market prices - indirect taxes + subsidies
c. GDP at factor cost = GDP at market prices + indirect taxes - subsidies
d. GDP at factor cost = GDP at market prices + indirect taxes + subsidies

Ans - b

....

Forces behind the supply curve

a. Cost of production
b. Technological advances
c. Government policies
d. All of the above

Ans - d

....

Supply curves relates quantity supplied to ......

a. Supply
b. Demand
c. Price

……

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………

d. Demand

Ans - c

....

Narrow money is not indicated by ...... (i) M1, (ii) M2, (iii) M3

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

Ans - c

....

Calculate broad money M3

Currency with public- Rs 100000
Demand deposit with banking sys-Rs 200000
Other deposit with RBI- Rs 200000
Savings deposit of post office savings banks- Rs40000
Time deposits with banking sys-Rs 200000
All deposit with post office banking sys in cluding Rs 40000 of NSC total-Rs 100000

a. Rs 500000
b. Rs 700000
c. Rs 800000
d. Rs 900000

Ans - b

....

In capital market the erstwhile badla system is replaced by ......

a. open market system
b. out cry system
c. option and futures
d. Logging system

Ans -c

....

………

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……

Expand F R B M Act

a. Fiscal Responsibility and Business Management Act
b. Fiscal Role and Budget Management Act
c. Fiscal Role and Business Management Act
d. Fiscal Responsibility and Budget Management Act

Ans - d

....

A loan for which only interest is paid during its repayment period while the principal is repaid at the end is called ...

a. Term loan
b. Interst demand loan
c. Lumpsum payment loans
d. Balloon repayment loan

Ans - d

....

Pick odd man out

a. Loans to Public Enterprises
b. Pensions
c. Subsidies
d. Police

Ans - a

....

I start saving Rs. 1 lakh for the next 4 years. If the interest rate is 10 percent pa, how much will I get at the end of 4 years?

a. Rs. 4,46,100
b. Rs. 4,61,400
c. Rs. 4,64,100
d. Rs. 4,14,600

Ans - c

....

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………

A constant flow paid or received at regular time intervals is known as...

a. Annuity
b. Perpetuity
c. Growing annyuity
d. Growing perpetuity

Ans - a

....

Money has a time value is shown by which of the following concept.

a. Market value
b. Face value
c. Present Value
d. b & C

Ans - c

....

A border patrol checkpoint that stops every passenger van is using

a. Simple random sampling
b. Systematic sampling
c. Stratified sampling
d. Complete enumeration

Ans - d

....

A population having a stated or limited size is called as...

a. Limited Population
b. Infinite Population
c. Finite Population
d. unlimited Population

Ans - c

....

Value today of Re.1 to be received in future is called

a. Present value
b. Compounded factor

………

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………

c. Discount factor
d. Yield factor

Ans - c

....

In random sampling, we can describe mathematically how objective our estimates are. Why is this?

a. We always know the chance that any population element will be included in the sample
b. Every sample always has an equal chance of being selected
c. All the samples are exactly the same size and can be counted
d. both a and b

Ans - d

....

Pick odd man out

a. Customs
b. Service Tax
c. Interest Receipts
d. Income Tax

Ans - c

....

The average growth rate of Indian economy over a period of 25 years since 1980-81 was about

a. 3 to 4 per cent
b. 6 per cent
c. 9 per cent
d. 12 per cent

Ans - b

....

Expand O M O

a. Open Market Operations
b. Open Market Organization
c. Open Monetary Operations
d. None of the above

Ans – a

……

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……

F R B M Act enacted in

a. 2001
b. 2003
c. 2004
d. 2000

Ans – b

....

A 5-year Govt. bond with a coupon rate of 8% has a face value of 1000. What is the annual interest payment?

a. 80
b. 40
c. 100
d. None of the above

Ans - a

....

The dispersion among sample means is, the dispersion among the sampled items themselves because

a. Each sample is smaller than the population from which it is drawn
b. Very large values are averaged down and very small values are averaged up
c. The sampled items are all drawn from the same population
d. None of these

Ans - b

....

Demand for a product at Rs. 4 per unit is 50. If the price elasticity of demand is 2, how much the demand will be at Rs. 3 per unit?

a. 25
b. 40
c. 60
d. 75

Ans - d

Solution :

Price Elasticity of Demand = % Change in Quantity Demanded / % Change in Price

……

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………

% Change in Quantity Demanded = x-50/50*100 = (x-50)*2 = 2x-100
% Change in Price = 1/4*100 = 25

Price Elasticity of Demand = % Change in Quantity Demanded / % Change in Price
2 = 2x-100/25
50 = 2x-100
50+100 = 2x
2x = 150
x = 150/2 = 75

....

What will be value after 3 years, if you deposit Rs. 5000 each year at 10% interest?

a. Rs. 16250
b. Rs. 16550
c. Rs. 16750
d. Rs. 17250

Ans - b

Solution :

Future value of annuity = A/r ×{ (1+r)^n-1}

FV = 5000/0.1×{(1+0.1)^3-1}
   = 5000/0.1*{(1.01)^3-1}
   = 5000/0.1(1.331-1)
   = 5000/0.1*0.331
   = Rs. 16550

....

In case of compound Interest, if compounding is done quarterly, then r is divided by ...

a. 2
b. 3
c. 4
d. 6

Ans - c

....

A card is drawn at random from a deck of cards. Find the probability of getting 3 of diamond.

a. 1/52

………

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……

b. 1/38
c. 3/56
d. 3/38

Ans - a

Since a pack consist 52 cards and among that cards there are 13 diamonds.

Now for same space, A card is drawn out of 52 cards i.e
n(S) = (52,a. = n(S) = 52

Now for event for occurring 3 of diamonds in one drawn out of 13 =
n(E) = 1

Hence probability of occurrence of getting 3 of diamond
P(E) = n(E)/n(S)
     = 1/52
....

Ranjit borrowed an amount of Rs. 50000 for 8 years @ 18% roi. What shall be monthly payment?

a. 986
b. 968
c. 896
d. 869

Ans - a

Explanation :

Here,
P = 50000
R = 18% = 18 % ÷ 12 = 0.015% monthly
T = 8 yrs = 96 months

EMI = P * R * [(1+R)^T/(1+R)^T-1)]
EMI = 50000 * 0.015 * 1.01596 ÷ (1.01596 − 1
= 986
....

Ajit wants to receive Rs. 40000 p.a. for 20 years by investing @ 5%. How much he will have to invest now?

a. 498489

……

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……

b. 498849
c. 498948
d. 498984

Ans - a

Explanation :

Here,

P = 40000
R = 5% p.a.
T = 20 yrs

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

PV = (40000 ÷ 0.05) * {(1.0520 – 1) ÷ 1.0520}
= 498489
....

Suppose CR is 4:1. NWC is Rs 30000/- what is the amount of CA?

a. Rs 20000/-
b. Rs 10000/-
c. Rs 40000/-
d. Rs 60000/-

Ans - c

Since CA:CL=4:1
Hence CA=4x
CL=x
CA-CL=30000
4x-x = 30000
3x= 30000
x= 10000
Hence CA = 4x i.e 40000/-
....

The present banking system is called a ......

a. On line banking system
b. Fractional reserve banking system
c. Accural system of accounting

………

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……

d. Book keeping accounting system

Ans - b

....

Central bank mainly uses......to control the money supply in the market.

a. SLR
b. CRR
c. base rate
d. bank rate

Ans - d

....

According to Eric Berne, there are typically ... types of ego states in transactional analysis.

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

Ans - a

....

One's belief about who is responsible for the event in one's life refers to...

a. Adult ego state
b. change catalyst
c. personal efficacy
d. Locus of Control

Ans - d

....

A person invested Rs. 100000 in a bank FDR @ 6% p.a. for 1 year. If interest is compounded on half-yearly basis, the amount payable shall be ......

a. 109060
b. 100960
c. 103090
d. 106090

Ans – d

……

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……

Explanation :

Here,

P = 100000
R = 6% half-yearly = 3%@ p.a. = 0.03 p.a.
T = 1 yr = 2 half yrs

FV = P * (1 + R)^T
So,
FV = 100000 * (1+0.03)^2
= 106090

....

What is the main theme of FRBM act for Indian econ0my......

a. To protect black money marketing
B. To protect Indian economy from inflation
C. To reduce the dependence of the govt on borrowings and help to reduce the fiscal deficit in a phased manner.
d. To reduce fiscal imbalance and give Indian economy future stability.

Ans - c

....

Which stage of career roles signifies the beginning of complex functions ?

a. Apprentice
b. colleague
c. Mentors
d. Sponsors

Ans - c

....

A bond has been issued with a face value of Rs. 1000 at 8% Coupon for 3 years. The required rate of return is 7%. What is the value of the bond?

a. 1062.25
b. 1625.25
c. 1026.25
d. 1052.25

Ans – c

……

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………

Explanation :

Here,

FV = 1000
Coupon Rate (CR) = 0.08
t = 3 yr
R (YTM) = 0.07
Coupon = FV × CR = 80

Bond Price = (1/(1+R)^t)((coupon*((1+R)^t-1)/R)+Face Value)

So, Value of bond = 1026.25
(Since Coupon rate > YTM, so Bond's Value > FV)

....

A person raised a house loan of Rs. 10 lac @ 12% roi repayable in 10 years. Calculate EMI.

a. 14734
b. 14347
c. 13437
d. 13734

Ans - b

Explanation :

Here,
P = 1000000
R = 12% monthly = 0.01% p.a.
T = 10 Y = 120 months

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

So,
EMI = 1000000*0.01*(1+0.01)^120 ÷ {(1+0.01)^120 – 1}
= 14347

....

Mr. XYZ is working as GM of ABC co. He is trustworthy, open to other's ideas, accept suggestions, have better self awareness, received feedback from others and make more and more disclosures. He will come in which stage of self awareness?

a. ARENA

………

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………

b. BLIND
c. CLOSED
d. BLIND

Ans - a

....

The concept of howthorne studies was given by...

a. Fredrick tylor
b. Charles Bbbage
c. Elton Mayo
d. Peter Duker

Ans - c

....

Who had not contributed much towards the dimensions of Motivation ?

a. Chiris Argyris
b. Hanery Foyal
c. Elton Mayo
d. Abraham Maslow

Ans - b

....

MR. Ravi is expected to join a professional course after 03 years from now and he would be needing a sum of Rs.3 lacs at that time. If he wants to save the amt in annual installments and prevailing interest rates are 5%, How much amt he should deposit per annum?

a. 92163
b. 90631
c. 91363
d. 92531

Ans - a

Solution :
 = fv*r/(i+r)*{(1+r)^n-1}
 = 300000*.05/(1.05){(1.05)^3-1}
 = 90163

....

……

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………

What is the price of a 20-year, zero-coupon bond with a 5.1% yield and Rs. 1000 face value?

a. Rs. 359
b. Rs. 369
c. Rs. 379
d. Rs. 389

Ans - b

Solution :

PV = 1000/(1+0.051)^20
    = 369

....

Go through the following data and answer the question (all in Indian Rupees in Crores)

1. Consumptions - Rs. 30000
2. Gross investment - Rs. 40000
3. Govt spending - Rs. 20000
4. Export - Rs. 70000
5. Import - Rs. 60000
6. Taxes - Rs. 5000
7. Subsidies(on production and import) - RS. 1000
8. Compensation of employee - Rs. 500
9. Property Income - Rs. 500
   7,8,9 - Net receivable from aboard
10.Total capital gains from overseas investment - Rs. 1500
11.Income earned by foreign national domestically - Rs. 500

Calculate GDP

a. Rs. 70000
b. Rs. 90000
c. Rs. 100000
d. Rs. 220000

Ans - c
Solution :
GDP = Consumption + Gross investment + Government spending + (Exports - Imports)
GDP = C+I+G+(X-M)
   = 30000+40000+20000+(70000-60000)
   = 100000

....

………

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……

Gain on revaluation of asset is a ......

a. General reserve
b. Investment allowance reserve
c. Capital reserve
d. Revenue reserve

Ans - c

....

Banks can file a civil suit for recovery of their dues in civil courts. This option is used for dues ......

a. Up to 5 lacs
b. Up to 10 lacs
c. Above 10 lacs only
d. Above 20 lacs only

Ans - b

....

Net Working Capital (N W c. means ......

a. Total current assets minus bank finance
b. Total current assets minus credit from suppliers
c. Total current assets minus total current liabilities
d. Short term sources brought in by the promoters

Ans - c

....

Which of the following statements is not true for efficient inventory management?

a. It results in reduction in inventory
b. It reduces the working capital requirements of the enterprise
c. It reduces the N W C available with the enterprise
d. It increases the Inventory Turnover Ratio if the level of sales remains same.

Ans - c

....

The parent ego state can be further classified into ...... categories according to Eric Berne.

a. 2
b. 3

……

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……

c. 4
d. 5

Ans - a

....

The measures of money including Bank deposit with RBI, Demand deposit with the banking system, Term deposit of banking system, currency with public, and other deposits with RBI are shown as M0,M1,M2,M3.

1. The liabilities such as current deposits, demand liabilities portion of saving bank, margins held against letter of credit or bank guarantee, balances in overdue fixed deposits are included initially, in ......

a. M0
b. M1
c. M2
d. M3

Ans-b

2. The demand deposit of banks are included in ...... (i) M1, (ii) M2, (iii) M3

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

Ans - a

3. The term deposit of banks are included in ......(i) M1, (ii) M2, (iii) M3

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

Ans - c

4. Major portion of which of the following contains, interest free funds and is the most liquid part of money supply.

a. M0
b. M1
c. M2

………

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………

d. M3

Ans - a

....

Foreign banks with 20 branches and above in India need to achieve PS target of 40% in how many years since announced?

a. 02 years
b. 03 years
c. 04 years
d. 05 years

Ans - d

....

Laissez-faire economy is

a. The extreme case of a market Economy
b. The extreme case of a Command Economy
c. The extreme case of a mixed Economy
d. None of these

Ans - a

....

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

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

Ans - c
....

Lower the elasticity of liquidity preference with respect to the changes in interest rate, the LM curve will be.

a. No effect
b. flat
c. less steep

………

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……

d. steeper

Ans - d

....

Who gave welfare theory of economics?

a. Alfred Marshall
b. Lionel Robbions
c. Adam Smith
d. None of these

Ans – a

....

Supply curve relates quantity supplied to

a. Supply
b. Income
c. Price
d. Demand

Ans - c

....

Theory of interest is based on……

a. Investment demand function
b. The interest rate functions
c. The liquidity preference function
d. The quantity of money

Ans - b

....

Inner self of self development concept signifies. Pick up the odd one.

a. Behaviour pattern
b. Values and other psychological factor
c. Strenght and weakness
d. Individual identity and physical features

Ans - d

....

……

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……

Adjusting one with the team expectations and norms comes under which stage of group formation and group behaviour.

a. Forming (Awareness)
b. Storming (Conflict)
c. Norming (Cooperation)
d. Conforming (Adjustment)

Ans : d

....

In balance sheet amount of total assets is Rs 10 lac , current liabilities Rs 5 lac and capital and reserves Rs 2 lac. What is the debt-equity ratio ?

a. 1:1
b. 1.5:1
c. 1.75:1
d. 2:1

Ans - b

....

To retain employee in the organization companies are forced to do some strategic changes which does not include...

a. Diversification
b. Expansion
c. Responsiveness
d. Structural changes

Ans - c

....

What should a bank do if the owner of the collateral security is someone other than the borrower ?

a. Reject the loan
b. Transfer security to the name of borrower
c. Make the owner of the collateral security as first guarantor of the loan and create charge over the security
d. security should be hypothecated to the banker

Ans - c

....

……

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……

The amount of term loan installment is Rs 10000/- per month, monthly average interest on TL is Rs 5000/-. If the amount of depreciation is Rs 30000/- p.a and PAT is Rs 270000/-. What would be the DSCR?

a. 1.75
b. 2
c. 1.65
d. 1.33

Ans - b

Since DSCR = (interest + PAT+ Depreciation) / (interest + installment of TL)
Hence (5000×12 +270000+30000)/(5000×12+10000×12)
i.e 360000/18000
i.e 2
....

Liabilities→
Capital =180
Reserve =20
Term loan = 300
Bank C/C=200
Trade creditors=50
Provision=50
Total liabilities = 800

Asset→
Net fixed Assets =400
Inventories=150
Cash =50
Receivables= 150
Good will=50
Total assets =800

a. Net worth= ?
b. Tangible net worth = ?
c. Net working capital = ?
d. Quick ratio = ?
e. Current ratio =?
f. Outside liability =?

The correct answer is
a. net worth = 200
b. tangible net worth = 150

……

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……

c. net working capital = 50
d. Quick ratio= 0.66:1
e. Current ratio = 1.17:2
f. OSL = 600

....

Salim purchased 8%, 3 years bond of Rs. 10 lac, with annual interest payment and face value payable on maturity. The YTM is assumed@ 6%. Calculate % change in the price of the bond when the decrease in YTM is 100 basis points from 6% to 5% and the duration is 2.79 years and modified duration is 2.63 years.

a. 2.36
b. 2.63
c. 3.26
d. 3.62

Ans - b

Explanation :

Percentage change in price of bond

= -MD × Change in Price
= -2.63 × (6% - 5%)
= 2.63%,

That means a fall in YTM by 1% increases the price of the bond by 2.63%.
....

Cash = Rs 50000/-
Debtors = Rs 100000/-
Inventories = Rs 150000/-
Current liabilities = Rs 100000/-
Total current assets = Rs 300000/-
The quick ratio = ?

a. 1.5:1
b. 3:1
c. 2:1
d. NOTA

Ans - a

Since Quick ratio = Quick asset / CL

……

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………

Here Quick asset = CA- Inventory
Now CA= (Cash + Debtor.....etc) = Rs 300000/-
Here inventories = 150000/-
CL = 100000/-
Hence QR= 150000/100000
i.e 1.5:1

....

A company has net worth of Rs 5 lac , term liabilities are Rs 10 lac. Fixed Assets worth Rs 16 lac and current assets are Rs 25 lac. There is no intangible assets or the non current assets. Calculate it's net working capital.

a. 1 lac
b. 2 lac
c. 3 lac
d. 4 lac

Ans - a

....

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

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

Ans - a

....

Expand EMEs

a. External Marketing Economics
b. Environmental Efficiency
c. Emerging Market Economies
d. None of the above

Ans - c

....

Which of the following statements is not true for an infrastructure project?

a. It has long gestation period
b. It reduces the risk for the lender as his funds get assured deployment for a long time.

………

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……

c. The debt equity ratio is normally high for an infrastructure project
d. The implementation period is usually long

Ans - b

....

In economics 'Value of next best alternative foregone' is not called as ...... (i) Propensity, (ii) Opportunity Cost, (iii) Sacrifice Cost

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

Ans - b

....

The dispersion among sample means is, the dispersion among the sampled items themselves because ......

a. Each sample is smaller than the population from which it is drawn
b. Very large values are averaged down and very small values are averaged up
c. The sampled items are all drawn from the same population
d. None of these

Ans - b

....

A bond that has no maturity and pays a fixed coupon(or rate of interest) is called ......

a. Long term bond
b. Perpetual bonds
c. Consol bonds
d. Non-repayable bonds

Ans - c

....

Use ...... sampling when there is wide variation between the groups but each group has small variation within itself.

a. Simple Random Sampling
b. Systematic Sampling
c. Stratified Sampling

……

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……

d. Cluster Sampling

Ans - c

....

Standard deviation of the distribution of the sample means is called ...... Select the best option.

a. standard error of the mean
b. sampling distribution error
c. standard error of the proportion
d. standard error of the statistics

Ans - a

....

Work life balance is achieved due to ...... (i) added work load, (ii) lack of support from juniors, (iii) family problems

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

Ans - d

....

The Equilibrium Price is also known as

a. Market price
b. Optimum price
c. Real price
d. Market-clearing price

Ans - d

....

Go through the following data and answer the questions (all in Indian Rupees in Crores)

1. Consumptions - Rs. 30000
2. Gross investment - Rs. 40000
3. Govt spending - Rs. 20000
4. Export - Rs. 70000
5. Import - Rs. 60000
6. Taxes - Rs. 5000

……

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……

7. Subsidies(on production and import) - RS. 1000
8. Compensation of employee - Rs. 500
9. Property Income - Rs. 500
   7,8,9 - Net receivable from aboard
10.Total capital gains from overseas investment - Rs. 1500
11.Income earned by foreign national domestically - Rs. 500

Calculate GNP

a. Rs. 100000
b. Rs. 101000
c. Rs. 110000
d. Rs. 111000

Ans - b

Solution :

GDP = Consumption + Gross investment + Government spending + (Exports - Imports)
GDP = C+I+G+(X-M)
   = 30000+40000+20000+(70000-60000)
   = 100000

GNP=GDP+NR(total capital gains from Overseas investment-income earned by foreign national domestically)
   = 100000 + (1500-500)
   = 101000
....

Emotional intelligence refers to...... (i) being self-Motivated, (ii) being emotionally strong, (iii) being empathetic

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

Ans - b
....

Attitude can be classified into three basic components. Which are among them ? (i) Emotional, (ii) Informational, (iii) Behavioural

a. Only (i) and (ii)

……

………

b. Only (i) and (iii)

c. Only (ii) and (iii)

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

Ans - d

....

Given,

Recoveries of loan and advance - Rs. 1200 Crores

Misc capital receipt   - Rs. 600 Crores

Market loans   - Rs. 500 Crores

Short term borrowings   - Rs. 800 Crores

External assistance (Net)   - Rs. 300 Crores

State provident fund   - Rs. 400 Crores

Other receipts (Net)   - Rs. 800 Crores

Securities issued against small savings - Rs. 300 Crores

Recoveries of short term loans and advances from states and loans to govt servents - Rs. 600 Crores

Total Non Tax Revenue   - Rs. 3000 Crores

Net Tax Revenue   - Rs. 1000 Crores

Draw down cash balance   - Rs. 2000 Crores

Calculate Financing of Fiscal Deficit ...

a. Rs 3100 Crores

b. Rs 4700 Crores

c. Rs 5100 Crores

d. Rs 5700 Crores

Ans - c

Solution :

Financing of Fiscal Deficit = Debt Receipt + Draw down cash balance

Now, let us calculate Debt receipt,

Debt Receipt = Market Loans + Short Term Borrowings + External assistance(NET) + Securities issued against Small savings + State provident

fund +

other Receipts(Net)

    = 500 + 800 + 300 + 300 + 400 + 800

    = 3100 Crores

………

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………

So,
Financing of Fiscal Deficit = Debt Receipt + Draw down cash balance
   = 3100 + 2000
   = 5100 Crores
....

You have the choice between investing in a corporate bond with a yield of 8% or a municipal bond. If your marginal tax rate is 28% , what should be the yield on the municipal bond in order to be competitive?

a. 8.00%
b. 5.76 %
c. 11.11 %
d. 13. 69%

Ans - b
....

ABC Inc. has a 12 year bond outstanding that makes 9.5% annual coupon payments. If the appropriate discount rate for such a bond is 7%, what is the appropriate price of bond?

a. Rs 1200.00
b. Rs 1000.56
c. Rs 1198.57
d. Rs 762.56

Ans - c
....

Under career path planning, at each level, the jobs which are comparable in terms of the knowledge, skill requirement can be identified and categorized as a group. This is called as ......

a. task group
b. job families
c. work cluster
d. any of the above

Ans - b
....

You recently earned a 13% return on an investment during the preceding year. If the inflation rate during that period is 8% what was your real return during that period?

a. 5%

………

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……

b. 4.63 %
c. 4.42%
d. None

Ans - b

....

You find that the yield on a 6 year bond is 12% while that of 4 year bond is 9%. What should be the yield on a 2 year bond beginning 4 from now?

a. 18.25%
b. 16.56%
c. 12.65%
d. None

Ans - a

....

Who is considered as the founder of the field of Microeconomics?

a. Lionel Robbins
b. Amartya Sen.
c. Adam Smith
d. Prof. Alfred Marshall

Ans - c

....

...... is known for his concept of "Division of Labour" and "Time and motion studies".

a. Abraham Maslow
b. Frederick Tailor
c. Robert Owen
d. Eric Berne

Ans - b

....

The job that are comparable in terms of the knowledge, skill required can be identified and categorized as a group are called ...

a. Job Efficacy
b. Job Identification
c. Job Specification

……
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……

d. Job Family

Ans - d

....

Emotional intelligence is refers to... Pick up the odd one.

a. being Sself-Motivated
b. being Self-Regulated
c. being empathetic
d. being emotionally strong

Ans - d

....

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

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

Ans - b

....

Which of the following sentences is incorrect?

a. The payment which the bond holder receives each year is known as coupon.
b. At maturity, the borrower (government or corporate) pays the bondholder the bond's face value or par value.
c. For bonds priced above its face value, the rate of return is the coupon rate.
d. The YTM is defined as the discount rate that makes the present value of the bond's payment equal to its price.

Ans - c

....

Which of the following statement is not correct? (i) performance appraisal and potential appraisal are the same system, (ii) performance appraisal is to know the future performance, (iii) potential appraisal is to understand the potential of the employee to contribute to growth of organization

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

……

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……

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

Ans - a

....

Select the incorrect statement:

a. A government bond is a bond issued by Indian Government in Indian Rupees.
b. Bonds issued by a national government in foreign currencies are referred to as sovereign bonds.
c. Government bonds are issued for a tenure of 5-30 years.
d. Government bonds do not have any market risk, they only have credit risk.

Ans – d

....

The standard error of the mean for a sample size of two or more is ......

a. Always greater than the standard deviation of the population
b. Generally greater than the standard deviation of the population
c. Usually, the standard deviation of the population
d. None of these

Ans - c

....

As you set tighter confidence interval, you would get to a ...... confidence level.

a. higher
b. lower
c. either higher or lower
d. none of the above

Ans - b

....

Kumar invested in 10%, 3-year bond of face value of Rs. 1000. The expected market rate is 12%. What is the duration of the bond?

a. 2.37 years
b. 2.73 years
c. 3.27 years
d. 3.72 years

Ans – b

……

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………

Explanation :

Bond's Duration = ΣPV×t ÷ ΣP
Bond Price = (1/(1+R)^t)((coupon*((1+R)^t-1)/R)+Face Value)

ΣP = {100 × (1.123 -1) ÷ 0.12 + 1000} ÷ 1.123
= 951.6

Here 1 ÷ 1.12 = 0.89286, so a^t = 0.711787
ΣPV × t = 100 × 8.33336 × [0.288213 ÷ 0.10714286 − 3 × 0.711787] + 3000 × 0.711787
= 833.336 × (2.689988 − 2.135361) + 2135.361
= 462.19 + 2135.36 = 2597.55

So, Duration of the Bond
= 2597.55 ÷ 951.6
= 2.73 years
....

The probability that we associate with an interval estimate is called ......

a. Estimate level
b. Confidence Level
c. Probability Level
d. None of the above

Ans - b
....

In Random Sampling, we pick up one, keep it away and then pick another from the remaining. This is called ......

a. Sampling with replacement
b. Simple random sampling
c. Sampling without replacement
d. None of the above

Ans - c
....

When compounding or discounting is done more frequently than annually, the effective discounting rate of interest is ...... the nominal rate of interest.

a. lesser than
b. equal to

……

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………

c. greater than
d. either of b or c

Ans - c

....

Ram is working in xyz co. Initially he was working very hard and completing all the task or target on time and so that he can go up in the organization but due to some reason he was unable achieve his goal and developed feelings of low self-concept and low self-esteem. It is called.....

a. Guilt
b. Isolation
c. Stagnation
d. Inferiority

Ans - d

....

Select the incorrect statement:

a. A bond that is priced above its face value is said to sell at a premium.
b. Investors who buy a bond at a premium, face a capital loss over the life of the bond.
c. Return on bonds which are at a premium is greater than the current yield.
d. Return on bonds which are at a discount is greater than the current yield.

Ans - c

....

Which of the following industries in India first used the term "Personnel Officer"?

a. Insurance
b. Banks
c. Chemical and pharmaceutical
d. Iron and steel

Ans - c

....

It is the highest activity of life, it creates new untapped alternatives, it values and exploits the mental emotional and psychological differences between people...

a. Stress free work
b. Personality development
c. Autonomy

……

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………

d. Synergy

Ans - d

....

Ram is working in xyz co. Initially he was working very hard and completing all the task or target on time and so that he can go up in the organization but due to some reason he was unable achieve his goal and developed feelings of low self-concept and low self-esteem. It is called.....

a. Guilt
b. Isolation
c. Stagnation
d. Inferiority

Ans - d

....

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

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

Ans - c

....

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

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

Ans - a

....

Which of the following statements is true about 'Inflation?' (i) A rise in the general level of prices, (ii) Leads to fall in purchasing power

a. Only (i)
b. Only (ii)
c. Either (i) or (ii)

………

……

d. Both (i) and (ii)

Ans - d

....

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

a. Devolvement of L Cs, invocation of Bank Guarantees
b. Demand for higher limit
c. Delays in submission of stock/receivables statements
d. Return of cheques or bills

Ans - d

....

Expand N C C D

a. National Council on Crime and Delinquency
b. National council on Credit and Debentures
c. National council on Commerce and deregulation
d. None of the above

Ans - a

....

X invested Rs 100000 in bank FDR at 6%p.a.for one year. If interest is compounded on quarterly basis, the amount payable shall be?

a. 100600
b. 106090
c. 106130
d. 106160

Ans - c

....

Mr. A is the Branch Manager in ABC Bank. He makes it a point to visit the prominent deposit customers himself to deliver their deposit receipts. He does not even take the "Relationship Manager" appointed for this purpose. Mr. A believes that none of the new generation staff is good enough to deal with such tasks. What is the "Life position" taken by Mr. A as regards the "Relationship Manager" as per the "Theory of Life position" propounded by Dr. Thomas Harris?

a. I are OK, you are OK
b. I am Ok, You are not OK

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……

c. I am not OK, you are not Ok
d. I am not OK, you are not OK

Ans - b

....

Quantity supplied of a product at Rs. 8 per unit is 200 Units. If the price elasticity of supply is 1.5, what will be the quantity supplied at Rs. 10 per unit?

a. 150
b. 175
c. 250
d. 275

Ans - d

Solution :

Price Elasticity of Supply = (% change in quantity supplied. / (% change in price)

1.5 = ((x-200)*100/200)/((10-8)*100/8)
1.5 = ((x-200)/2)/(200/8)
1.5 = ((x-200)/2)/25
1.5 = (x-200)/50
75 = x-200
x = 75+200
x = 275

....

Real Sector Policy means focus on ...... in the early stages of reform process.

a. Mining and quarrying
b. Electricity
c. Manufacturing sector
d. None of the above

Ans - c

....

Ends refer to

a. Demand
b. Resources
c. Utility

……

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……

d. Wants

Ans - d

....

Which ego state collects information and processes it?

a. parent
b. adult
c. child
d. both a and b

Ans - b

....

An investment at 10% interest rate compounded monthly is equal to an effective annual rate of ...

a. 10.38 %
b. 10.47 %
c. 10.57 %
d. 10.68 %

Ans – b

Solution :
Effective Interest Rate = $(1+r/n)^n - 1$
   = $(1+0.10/12)^{12} - 1$
   = $(1.1047 - 1)*100$
   = 10.47 %
....

Emotional intelligence is refers to... Pick up the odd one.

a. being self-Motivated
b. being Self-Regulated
c. being empathetic
d. being emotionally strong

Ans - d

....

The human resources systems are largely designed by banks and other organizations for ......

a. a heterogeneous workforce

……

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……

b. a homogenous workforce
c. a diverse workforce
d. according to their need

Ans – b

....

We have six students say A, B, C, D, E, F participating in a quiz contest. Out of six students only two can reach to the final. What is the probability of reaching to the final of each student?

a. 2/5
b. 1/2
c. 1/3
d. 1/4

Ans - c

....

Suppose a population with N = 144 has u(Mean)=24. What is the mean of sampling distribution of the mean for samples of size of Rs 25 ?

a. 24
b. 2
c. 4.8
d. 3.2

Ans - a

....

A quarterly repayments of loan carry an interest rate of 8 % per annum . What is the effective annual rate of interest ?

a. 8.32
b. 8.56
c. 8.24
d. 8.76

Ans - c

....

Market demand curve follows the ......

a. Law of upward-sloping demand
b. Law of upward-diminishing demand

……

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……

c. Law of downward-diminishing demand
d. Law of downward-sloping demand

Ans - d

....

India is a

a. Capitalistic Economy
b. Socialistic Economy
c. Mixed Economy
d. Laissez-faire economy

Ans - c

....

On market equilibrium denotes which one is not to be there on equilibrium ?

a. The books are cleared of order
b. Demanders and suppliers are satisfied
c. Prices will fall.
d. All supply and demand order are filled

Ans - c

....

Gaurav invested in 12.5%, 5-year bond of face value of Rs. 100. The expected market rate is 15%. What is the duration of the bond?

a. 3.98 years
b. 3.89 years
c. 2.98 years
d. 2.89 years

Ans - a

Explanation :

Bond's Duration = ΣPV×T ÷ ΣP

Bond Price = (1/(1+R)^t)((coupon*((1+R)^t-1)/R)+Face Value)

ΣP = {12.5 × (1.155 -1) ÷ 0.15 + 100} ÷ 1.155
= 91.6196

……

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……

Here a = 0.86956 and a^t = 0.497176
So, ΣPV × T = 12.5 × 6.66636 × {0.502824 ÷ 0.13044 − 2.4588} + 248.588
= 116.33046 + 248.588 = 364.92

So, Duration of the Bond
= 364.92 / 91.6196
= 3.98 years

....

For external credit rating, banks depend on:

a. Rating agencies
b. Experienced staff of the bank
c. Banking consultants
d. None of the above

Ans - a

....

Which of the following is not an approach for assessment of credit risks, laid down under Basel 2 Accord?

a. Standardized approach
b. Foundation Internal Rating Based (I R b. approach
c. Advanced Internal Rating Based (I R b. approach
d. Simplified Internal Rating Based (I R b. approach

Ans - d

....

Which of the following statements is true regarding Standardized approach?

a. It has already been adopted by all the banks
b. It has been adopted only the foreign banks operating in India.
c. It has been adopted by the foreign banks operating in India and some of the Indian banks
d. It has to be adopted by the all the banks by March 2010

Ans - a

....

Macro Economics doesn't deal with...

a. GDP

……

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………

b. Unemployment Rates
c. Individual Firms
d. Price Indices

Ans - c

....

Money is anything which performs the following. Pick up the odd one

a. A measure of value
b. Medium of exchange
c. A store of value over time
d. Measure of prosperity

Ans - d

....

Narrow Money consists of

a. Currency with the Public Demand Deposits, 'Other 'Deposits with the RBI
b. Currency with the Public, Time Deposits, `Other' Deposits
c. Time deposits, Demand Deposits, 'Other' Deposits with the RBI
d. Currency with the Public, Demand Deposits

Ans - a

....

Which of the following approach does not acknowledge the existence of cultural distance and attempts to teach individual members about cultural differences through training. (i) diversity enlargement, (ii) diversity sensitivity, (iii) cultural audit

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

Ans - b

....

A construction company plans to purchase a new earthmover for Rs. 350000 in 5 years. Determine the annual savings required to purchase the earthmover if the return on investment is 12%.

a. 55904
b. 55094

……

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……

c. 55490
d. 55049

Ans - b

Explanation :

Here,

FV = Rs. 350000
T = 5 years
R = 12%

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

350000 = P × (1.125 − 1) ÷ 0.12
350000 = P × 6.3528
P = 350000 / 6.3528
  = 55094
....

Which is not a sub-system of HRM?

a. Administration
b. Maintenance
c. Credit
d. Development

Ans - c
....

Which of the following industries in India was the first to use the term "Personnel Officer"?

a. Insurance
b. Banks
c. Chemical and Pharmaceutical
d. Steel

Ans - c
....

Which is said to be the beginning stage of career?

a. Mentor

……

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………

b. Apprentice
c. Colleague
d. Sponsor

Ans - b

....

According to Dalton, Thomson and Price, career roles are divided into ... categories.

a. 2
b. 3
c. 4
d. 5

Ans - c

....

Target for agricultural advances in case of foreign banks with 20 and more branches is...

a. 10
b. 18
c. 20
d. 32

Ans -b

....

In order to avoid the problem in delay in realization of bills, bank may take advantage of improved computer/communication network called ......

a. GUI
b. SFMS
c. ETF
d. SWIFT

Ans - b

....

A man borrowed a certain sum of money & paid it back in 2 years in two equal installments. If the roi (compound) was 4% p.a. and if he paid back Rs. 676 annually, what sum did he borrow?

a. 1725
b. 1525
c. 1275

………

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………

d. 1575

Ans - c

Explanation :

Here,
PV =?
P = Rs. 676
T = 2 years
R = 4% = 0.04

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

PV = 676 × (1.042 − 1) ÷ (0.04 × 1.042)
= 1275

....

Which of the following is ratio, indicative of the repaying capacity of a borrower?

a. Quick ratio
b. T O L/T N W
c. D S C R
d. D E R

Ans - c
....

Bank guarantee should normally have a maturity of more than ......

a. 5 years
b. 10 years
c. 15 years
d. 20 years

Ans - b
....

Turnover method of assessment should be applied for working capital limit of up to Rs ......in case of SSI units.

a. One Crore
b. Two Crores
c. Five Crores

………

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………

d. Ten Crores

Ans - c

....

Project loans can be given by the bank to

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

Ans - d

....

The conduct of LC business is governed by......

a. RBI
b. IRDA
c. UCPDC 600
d. AMFA

Ans - c

....

Regulated Interest rates by RBI, are applicable for credit limit up to Rs ... lakh.

a. 1
b. 2
c. 3
d. 5

Ans - b

....

The total priority sector target for foreign banks, operating in India, is ...

a. 20%
b. 32%
c. 40%
d. 18%

Ans - b

....

………

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………

A 6 year bond is selling at Rs. 9500 with face value of Rs. 10000. The annual Coupon amount is 800. What is the yield to maturity?

a. 8.72
b. 9.12
c. 9.32
d. 10.12

Ans - b

Explanation :

Since Coupon rate = 8% and market price < Face Value, so YTM must be > CR
Let CR be 9%. So, bond's price = 9551.41 > 9500
Let CR be 10%, so price = 9128.95 < 9500
So, YTM must lie between 9 & 10.

Using interpolation technique,

YTM = 9% + (10-9) % × (9551.41 − 9500) ÷ (9551.41 − 9128.95)
= 9+51.41/422.46
= 9.12%
....

Match the following terms and their use:

i) purchase - 1. used in case of - usance bills
ii) discount - 2. used in cse of - bills drawn under LC, opened by the purchaser's bank
iii) negotiation - 3. used in case of - demand bills

a. i - 2, ii- 3. iii - 1
b. i - 3. ii - 1. iii - 2
c. i - 2, ii - 1, iii - 3
d. None of these

Ans - b
....

Sanctioned limit = Rs 3 lacs , Stocks = Rs 6 lacs, creditors = Rs 2 lacs , Mortgage of property = 50 lacs , margin = 30%. Calculate the DP.

a. 3 lacs
b. 5 lacs
c. 2 lacs

……

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………

d. 4 lacs

Ans - a

Bcz DP is never beyond the sanctioned limit.
....

...... means higher responsibility. It gives more decision making, planning and controlling powers.

a. job enrichment
b. job enlargement
c. job satisfaction
d. job rotation

Ans - a
....

Select the INCORRECT sentence:

1. Term loans are provided for acquiring the fixed assets.
2. Working capital term loans are provided for sustaining current assets.
3. Term loan are payable as per demand.
4. Working capital term loans are payable as per repayment schedule

a. both 1 and 2
b. both 2 and 3
c. both 3 and 4
d. both 1 and 4

Ans - c
....

Suppose you start a rent -a-car business and want to buy an automobile. You have choice of buying the car cash down for Rs 400,000 or paying Rs 90,000 a year for five years for the same car. What is your choice , if opportunity cost is 10% ?

a. Pay cash
b. Take the auto loan
c. Data insufficient to answer
d. None of these

Ans – b

Here PV of Rs 90,000 each year for the next 5 years will be..

………

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………

PV(90000,10%,5) = { 90000×(1.10^5-a. } / 0.10 ×1.1^5
i.e 341171
Now if you see Cash down payment is 400,000 which is greater than the PV of Rs 90,000 for next 5 years
(Rs 341171). Hence you prefer taking loan.

....

Suppose you are performing stratified sampling on a particular population and have divided it into strata
of different sizes. How can you now make your sample selection?

a. Select at random an equal number of elements from each stratum
b. Draw equal numbers of elements from each stratum and weigh the results
c. Draw numbers of elements from each stratum proportional to their weights in the population.
d. b. and c. only

Ans - d

....

In a normally distributed population, the sampling distribution of the mean

a. Is normally distributed
b. Has a mean equal to the population mean
c. Has a standard deviation equal to the population standard deviation divided by the square root of the
sample size
d. All of the above

Ans - d

....

Suppose that, for a certain population, sigma xbar is calculated as 20 when samples of size 25 are taken
and as 10 when samples of size 100 are taken. A quadrupling of sample size, then, only halved sigma
xbar. We can conclude that increasing sample size is

a. Always cost-effective
b. Sometimes cost-effective
c. Never Cost-effective
d. None of these

Ans - c

....

Human development Index (HDI) is developed by......

a. RBI

……
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………

b. Central Govt

c. World Bank

d. SEBI

Ans - c

....

Adam Smith defined Economics as a:

a. Study of welfare

b. Study of 'means' and 'ends'

c. Study of Wealth

d. None of these

Ans - c

....

Given,

Currency with public - Rs. 90000 Crores

Demand deposit with banking system - Rs. 180000 Crores

Time deposits with banking system - Rs. 220000 Crores

Other deposit with RBI - Rs. 260000 Crores

Savings deposit of post office savings banks - Rs. 60000 Crores

All deposit with post office savings bank excluding NSCs - Rs. 50000 Crores

Calculate M2.

a. Rs. 470000 Crores

b. Rs. 550000 Crores

c. Rs. 590000 Crores

d. Rs. 630000 Crores

Ans - c

Solution

M1 = currency with public + demand deposit with the banking system + other deposits with RBI

M1 = 90000+180000+260000

M1 = 530000

M2 = M1+Savings deposit of post office savings banks

So,

M2 = 530000+60000

M2 = 590000 Crores

....

………

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……

When RBI purchases government bonds, the money is ......

a. injected into the market
b. sucked from the market
c. purchasing bonds has no effect on money market
d. None of these

Ans - a

....

When RBI sells government bonds, the money is ......

a. injected into the market
b. sucked from the market
c. purchasing bonds has no effect on money market
d. None of these

Ans - b

....

A set of expected behavior patterns attributed to someone occupying a given position in a social unit is not called as ...... (i) job, (ii) role, (iii) power

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

Ans - b

....

A 15 year bond is trading at Rs. 958 with face value of Rs. 1000. The Coupon rate is 8%. What is the yield to maturity?

a. 7.5
b. 8.5
c. 9.5
d. 10.5

Ans - b

Explanation :
Since trading value < face value, YTM is > CR
At 7%, price = 1091.08 > 958

……

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………

And at YTM = 9%, price = 919.39 < 958,
so YTM lies somewhere between 7 and 9.
= 7 + (9-7) × (1091.08 – 958) / (1091.08 – 919.39)
= 7 + 2 × 133.08 / 171.69
= 8.5%

....

The FRBM act was enacted as a law in August 200The committee which created the act was headed by
......

a. S. H. Khan
b. Narasimhan
c. Dr E. A. S. Sarma
d. Tandon

Ans - c

....

Which of the following statements the central government has to place before the Parliament each year
under FRBM act?

a. Medium Term Fiscal Policy
b. Fiscal Policy Strategy
c. Macroeconomic Framework
d. All of these

Ans - d

....

By what percent of GDP, the FRBM act suggests the Centre to reduce the fiscal deficit?

a. 2
b. 3
c. 4
d. 7

Ans - b

....

...... is the rate at which the RBI lends short term money to the banks.

a. Reverse Repo Rate
b. Repo Rate
c. OMO

………

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………

d. SLR

Ans - b

....

By what percent of GDP, the FRBM act prescribes the government to set a ceiling on guarantees?

a. 0.1
b. 0.5
c. 0.7
d. 1.5

Ans - b

....

The ...... act prohibits deficit financing.

a. Companies Act 1956
b. DEPOSIT INSURANCE AND CREDIT GUARANTEE CORPORATION ACT, 1961
c. THE BANKING REGULATION ACT, 1949
d. FRBM Act 2003

Ans - d

....

The way(s) to compute GDP is / are ...... 1. Expenditure wise, 2. Income wise, 3. Product wise

a. 1 and 2
b. 2 and 3
c. 3 and 1
d. All of 1, 2 and 3

Ans - d

....

Which price index is used in India to calculate inflation for policy formulation?

a. Consumer price index
b. GDP deflator
c. Wholesale price index
d. Retail price index

Ans - c

....

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……

...... is the rate at which banks park their short term excess liquidity with the RBI.

a. Reverse Repo Rate
b. Repo Rate
c. OMO
d. Bank Rate

Ans - a

....

The factors of production are ......

1. land
2. labour
3. capital
4. entrepreneur

a. 1 and 2
b. 2 and 3
c. 1, 2 and 3
d. All of 1, 2, 3 and 4

Ans - d

....

Which of the following does not reflect the real growth in GDP?

a. Calculating today's output at today's price
b. Calculating today's output at yesterday's price
c. GDP at constant price
d. Real GDP

Ans - a

....

Which is a more accurate measure tool for an export - oriented economy?

a. GDP
b. GNP
c. GNI
d. All of these

Ans - b

....

……

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………

Calculate the Future Value of Present Value of Rs. 10000/- after 4 years if the rate of interest is 10%.

a. 13310
b. 14641
c. 14461
d. 13130

Ans - b
Solution :
FV = P(1+r)n
FV = 10000(1+10/100)^4
　= 10000(1.1)^4
　= 10000*1.4641
　= 14641

....

A cash flow that is expected to grow at a constant rate forever, is called.

a. Annuity
b. Perpetuity
c. Growing annuity
d. Growing perpetuity

Ans - d

....

Demand Deposits are ...... (i) Paid on demand, (ii) Relatively less liquid than time deposits

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

Ans - a

....

If inflation rate is higher in an economy, the discount rate should generally,

a. Be lower
b. Be higher
c. Be Stable
d. Be fluctuating

Ans – b

………

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………

Example of "Annuity" is ...

a. EMI of loan account
b. RD
c. Both of the above
d. None of the above

Ans - c

....

Additional utility derived from consumption of an additional unit of commodity is called ......

a. Average Utility
b. Elasticity
c. Acceleration
d. Marginal Utility

Ans - d

....

Demand for a commodity normally depends on ......

a. Income of the consumer
b. Price of related commodity
c. Price of the commodity
d. All the above

Ans - d

....

Given,

M4 - Rs. 750000 Crores
M1 - Rs. 400000 Crores
Currency with public - Rs. 100000 Crores
Demand deposit with banking system - Rs. 150000 Crores
Other deposit with RBI - Rs. 150000 Crores
Savings deposit of post office savings banks - Rs. 60000 Crores
All deposit with post office savings bank excluding NSCs - Rs. 50000 Crores

Calculate Time deposit with banking system

a. Rs. 200000 Crores
b. Rs. 250000 Crores

………

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………

c. Rs. 300000 Crores
d. Rs. 350000 Crores

Ans - c

Solution

M4 = M3+All deposit with post office savings bank excluding NSCs
M3 = M1+Time deposit with banking system
M4 = M1+Time deposit with banking system+All deposit with post office savings bank excluding NSCs
Time deposit with banking system = M4 - M1 - All deposit with post office savings bank excluding NSCs
Time deposit with banking system = 750000 - 400000 - 50000
Time deposit with banking system = 300000 Crores

....

Factors of Production are:

a. Land, Labour and Capital
b. Assets, Machineries and Money
c. Land, Labour, Capital and Entrepreneur
d. None of the above.

Ans - c

....

When the price of a product increases from 40 to 50, the demand for the product decreases by 25%. What is the price elasticity of demand for the product?

a. 1
b. 1.5
c. 2
d. 2.5

Ans - a

Solution :

Price Elasticity of Demand = % Change in Quantity Demanded / % Change in Price

% Change in Quantity Demanded = 25
% Change in Price = 10/40*100 = 25

Price Elasticity of Demand = 25/25 = 1
....

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……

EXPAND N E F T.

a. Nominal Electronic Funds Transfer
b. National Electronic Funds Transfer
c. National Electronic Funds Transformation
d. None of the above

Ans - b

....

While releasing the data relating to inflation increased by the Govt, it is observed that

1) The consumer price index based inflation increased to 11% and
2) Whole sale price index based inflation increased to 8%
3) The govt. claims that due to implementation of Banks Bi-partite Settlement, there is increase in demand of goods and services leading to increase in consumer prices.
4) Further due to increased wages and salaries, there is increase in cost of inputs leading to increase in whole-sale price index.

Answer the following questions, based on the above information.

1. The inflation caused by the the information given at point no.3 in the question, is not called as ...... (i) Core inflation, (ii) Demand Pull inflation (iii) Cost-push inflation

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

Ans - b

2. The inflation rate of 8%, represented by the whole sale price, is called:

a. Core inflation
b. Headline inflation
c. Demand Pull inflation
d. Cost-push inflation

Ans - b

3. The inflation rate 11% represented by the consumer price, is called:

a. Core inflation
b. Headline inflation

……

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………

c. Demand Pull inflation
d. Cost-push inflation

Ans - a

4. The inflation caused by the information given at point no.4 in the question, is not called as ...... (i) Core inflation, (ii) Demand Pull inflation (iii) Cost-push inflation

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

Ans - a

....

Population of a town is 100000. The rate of change is 4% per annum. What it will be ater 5 years?

a.129205
b.121665
c.122165
d.121601

Ans – b

Calculating today's output at today's price reflects ...... GDP.

a. real
b. nominal
c. virtual
d. None of these

Ans - b

....

To absorb liquidity from the system, which of the following was introduced by RBI in March 2004?

a. OMO (Open Market Operations)
b. MSS (Market Stabilization Scheme)
c. SCC (Selective Credit Control)
d. None of these

Ans - b

....

………

……

What would be the consequence of increasing repo (repurchase) rate?

a. It would be more expensive for banks to borrow money
b. It would be more cheaper for banks to borrow money
c. No effect on borrowing from RBI
d. None of these

Ans - a

....

A market economy is one...... (i) In which individuals and private firms make the major decisions about production and consumption, (ii) In which the government makes all important decisions about production and distribution.

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

Ans - a

....

After the introduction of financial sector reforms in capital market, depository system was replaced with ......

a. 14-day settlement cycle
b. Badla system
c. open outcry system
d. dematting of securities

Ans - d

....

The definition 'An organization is the rational coordination of the activities of a number of people for the achievement of some common explicit purpose or goal, through division of labour and function and through a hierarchy of authority and responsibility' of an organisation is given by ......

a. AK Rice
b. Abraham Maslow
c. Edgar Schein
d. Peter F Drucker

Ans - c

....

……

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……

The central bank absorbs excess liquidity from the banks using ......Select the best option.

a. CRR
b. SLR
c. Repo Rate
d. Reverse Repo Rate

Ans - d

....

Pick the incorrect statement.

a. The supply of money, at a given time, is fixed by the monetary authority of the country.
b. The rate of interest in determined by demand for money and supply of money.
c. The money demand curve at a given level of income is downward sloping.
d. Increase in level of money leads to downward shifting of the curve of demand for money (or in short, money demand curve).

Ans - d

....

Demand Deposits are

a. Paid on demand
b. Not paid on demand
c. Relatively less liquid than time deposits
d. Both b and c

Ans - a

....

If in market money supply increase and interest rate is down the LM curve will ...

a. shift up and to left
b. shift down and to right
c. shift up and to right
d. shift down and to left

Ans - b

....

Market economy is also known as

a. Mixed Economy

……

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………

b. Capitalistic Economy
c. Command Economy
d. Socialistic Economy

Ans - b

....

What is a scatter diagram ?

a. diagram which scatters all elements of the variable.
b. A graphic representation of the relationship of the variables
c. Helps plot observed values
d. b & c

Ans - d

....

Which is an example of for sinking fund?

a. perpetuity
b. annuity
c. gratuity
d. none of the above

Ans - b

....

If a standard error of a statistic is less than that of another then what is the former is said to be.

a. efficient
b. unbiased
c. consistent
d. sufficient

Ans - a

....

The balance sheet of a firm has shown total asset of Rs 20 lacs . The long term uses are Rs 11 lacs and current ratio 1.5:1. What is the amount of current liabilities ?

a. Rs 11 lacs
b. Rs 9 lacs
c. Rs 7 lacs
d. Rs 6 lacs

………

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……

Ans - d

……………………………………

What is repayment of entire loan principal at the end of the loan period called ?

a. balloon payment
b. compounded payment
c. annuity
d. term payment

Ans - a

……………………………………

What is the rule of 72 ?

a. 12 times table
b. rule for calculating future cash flows
c. rule for compounding present cash flows
d. rule for knowing how quickly money doubles

Ans - d

……………………………………

IS curve and Lm curve are relates which of the two variables.

a. Demand and supply
b. Money and market
c. Money and interest rate
d. Income and rate of interest

Ans – d

……………………………………

Market equilibrium comes at the price at which quantity demanded equals to quantity

a. Produced
b. Supplied
c. in Inventory
d. in Demand

Ans - b

……………………………………

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……

Which of the following is Capitalistic Economy?

a. England
b. China
c. India
d. None of the above

Ans - a

....

X wants to borrow Rs. 25000 immediately and another Rs. 20000 after a period of 2 years @ 10% roi. He wants to pay it in monthly installments for 5 years. Calculate the amount of monthly payment.

a. 978
b. 987
c. 897
d. 879

Ans - d

Explanation :

Here,

First find PV of 20000 for 2 years @ 10%.
Here, t = 2*12 = 24 months and r = 10% ÷ 12 = 0.00833

PV = P / (1+R)^T

So,
PV = 20000 ÷ (1+0.0083)^24
= 16388.07
So, total amount = 25000 + 16388.07 = 41388.07

Now,
P = 41388.07,
R = 10% ÷ 12 = 0.00833,
T = 5 * 12 = 60 months

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

EMI = (41388.07 * 0.00833) * {(1.0083)^60 ÷ (1.0083)^60 – 1)}
= 879

....

……

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………

Demand Schedule is the

a. Relationship between demand and quantity bought
b. Relationship between price and quantity bought
c. Relationship between price and demand
d. None of these

Ans - b

....

The evaluation of training consists of the following: Pick the odd one.

a. Reaction level
b. Learning level
c. The behavior level
d. Operation level

Ans - d

....

Knowles explained the following three theories: Pick the odd one.

a. Mechanistic theory
b. Cognitive theory
c. Reconcilation Theory
d. Organismic theory

Ans - c

....

The behavior of an individual is influenced by four factors namely: Pick up the odd one

a. Environmental factor
b. Personal factor
c. Physical factor
d. Organizational factor

Ans - c

....

The …… parent behavior does not criticize others for their undesirable behavior. (i) caring, (ii) nurturing, (iii) concerned

a. Only (i) and (ii)

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………

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

Ans - d
....

Mitalee is to receive Rs. 60000 from bank at the end of 3 years, being the maturity value of a term deposit. How much he is depositing now, if the interest rate is 10%?

a. 40578
b. 45078
c. 47058
d. 48075

Ans - b

Explanation :

PV = FV ÷ (1+r)T
= 60000 ÷ 1.3331
= Rs. 45078
....

In the life stages of adulthood guiding of next generation start up...

a. Adolescence
b. Young Adulthood
c. Adulthood
d. Maturity

Ans - c
....

A fund which is created by companies to make payment of balloon repayment loans by regular annual contributions to have adequate funds at the end of the period, when repayment fails due is called ......

a. reserve fund
b. balloon fund
c. sinking fund
d. repayment fund

Ans - c
....

………

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………

Which of the following is not a method of selecting samples from a population?

a. Judgement sampling
b. Random sampling
c. Probability sampling
d. None of these

Ans - d

....

In simple random sampling, we can describe mathematically how objective our estimates are. Why is this?

a. We always know the chance that any population element will be included in the sample
b. Every sample always has an equal chance of being selected
c. All the samples are exactly the same size and can be counted
d. both a and b

Ans - d

....

Choose the pair of symbols that doesn't complete this sentence: ...... is a parameter, whereas ...... is a statistic.

a. N, g
b. y, s
c. N, n
d. All of these

Ans - a

....

If inflation rate is higher in an economy, the discount rate should generally,

a. Be lower
b. Be higher
c. Be Stable
d. Be fluctuating

Ans - b

....

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……

Which is/are not the objective of review by the superior of the reporting authority in performance appraisal? (i) to minimise / reduce the bias or subjectivity, (ii) to eliminate the subjectivity, (iii) to eliminate the bias

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

Ans - c

....

A 5-year Govt. bond with a coupon rate of 8% has a face value of 1000. What is the annual interest payment?

A. 80
B. 40
C. 100
D. None of the above

Ans - a

....

A cash flow that is expected to grow at a constant rate forever, is called ......

a. Annuity
b. Perpetuity
c. Growing annuity
d. Growing perpetuity

Ans - d

....

Money has a time value is shown by which of the following concept.

a. Market value
b. Face value
c. Present Value
d. b & c

Ans - c

....

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………

I start saving Rs. 1 lakh for the next 4 years. If the interest rate is 10 percent pa, how much will I get at the end of 4 years?

a. Rs. 4,46,100
b. Rs. 4,61,400
c. Rs. 4,64,100
d. Rs. 4,14,600

Ans - c

....

The process by which inferences about a population are made from information about a sample is known as ......

a. stratified sampling
b. statistical inference
c. sample proportion
d. sampling fraction

Ans - b

....

A border patrol checkpoint that stops every passenger van is using ......

a. Simple random sampling
b. Systematic sampling
c. Stratified sampling
d. Complete enumeration

Ans - d

....

A constant flow paid or received at regular time intervals is known as ......

a. Annuity
b. Perpetuity
c. Growing annuity
d. Growing perpetuity

Ans - a

....

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………

Which of the following sampling methods select samples by methods that allow each possible sample to have an equal chance of being picked up and each item in the entire population to have an equal chance of being included in the sample.

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

Ans - a

....

Which of the following methods can be used to measure seasonal variation and also for predicting future variation?

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

Ans - a

....

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

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

Ans - b

....

A constant flow paid or received at regular time intervals for ever is known as ......

a. Annuity
b. Perpetuity
c. Growing annuity
d. Growing perpetuity

Ans - b

....

………

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……

In ...... sampling, the population is divided into relatively homogenous groups. Then we select either one of the following two approaches:

i) select at random from each group a specified number of elements corresponding to the proportion of that group in the population as a whole, or
ii) draw an equal number of elements from each group and give weight to the results according to the group's proportion of total population.

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

Ans - c

....

Liabilitiess :

Capital =180
Reserve =20
Term loan = 300
Bank C/C=200
Trade creditors=50
Provision=50
Total liabilities = 800

Assets :

Net fixed Assets =400
Inventories=150
Cash =50
Receivables= 150
Good will=50
Total assets =800

a. Net worth= ?
b. Tangible net worth = ?
c. Net working capital = ?
d. Quick ratio = ?
e. Current ratio =?
f. Outside liability =?

Ans - 200, 150, 50, 0.66:1, 1.17:1, 600

....

……

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……

Which is not a sub system of HRM?

a. Administration
b. Credit
c. Maintenance
d. Development

Ans - b

....

Capital is Rs. 300 lac, Reserves Rs. 50 lac, Term loan Rs. 400 lac, Bank cash credit Rs. 300 lac, Trade creditors Rs. 50 lac, provisions Rs. 50 lac, Net fixed assets Rs. 400 lac, inventories Rs. 200 lac, cash Rs. 50 lac, Receivables Rs. 200 lac, goodwill Rs. 50 lac. What is current ratio?

a. 1:1.17
b. 1:1.12
c. 1.12:1
d. 1.17:1

Ans - c

Let me Explain

CA= 50+200+200= 450
CL= 300+50+50=400
CR= CA:CL= 450:400
i.e 1.12:1

....

A person invested Rs. 100000 in a bank FDR @ 6% p.a. for 1 year. If interest is compounded on quarterly basis, the amount payable shall be ......

a. 101363
b. 130613
c. 106136
d. 136106

Ans – d

Explanation :

Here,

P = 100000

……

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……

R = 6% quarterly = 0.015% p.a.
T = 1 yr = 4 quarters

FV = P * (1 + R)^T

So,
FV = 100000 * (1+0.015)^4
= 106136
....

In which career patterns or concept a individual take a new job and reaches higher position than go to some another type of job.

a. Linear career
b. Steady state career
c. Transitory patterns
d. Spiral career

Ans - d
....

Given,

Currency with public - Rs. 90000 Crores
Demand deposit with banking system - Rs. 180000 Crores
Time deposits with banking system - Rs. 220000 Crores
Other deposit with RBI - Rs. 260000 Crores
Savings deposit of post office savings banks - Rs. 60000 Crores
All deposit with post office savings bank excluding NSCs - Rs. 50000 Crores

Calculate Narrow money M1.

a. Rs. 490000 Crores
b. Rs. 530000 Crores
c. Rs. 570000 Crores
d. Rs. 750000 Crores

Ans - b

Solution
M1 = currency with public + demand deposit with the banking system + other deposits with RBI
M1 = 90000+180000+260000
M1 = 530000
....

……

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……

A down ward Sloping Demand Curve relates quantity demanded to

a. Supply
b. Income
c. Price
d. Expense

Ans - c

....

John Holland present 06 theories of personality job fit or matching job with their personalities. Which is not one among them?

a. Realistic
b. Specialist
c. Social
d. Conventional

Ans - b

....

Mr. Raj is self-confident in his work ambitious towards his goal and energetic domineering, his personality show which type of personality?

a. Social
b. Realistic
c. Artistic
d. Enterprising

Ans - d

....

...... theories hold that learning occurs only when learners have the 'freedom to learn' what is particularly relevant to their personal life situation.

a. Cognitive Theories
b. Behaviourist Theories
c. Organismic Theories
d. Mechanistic Theories

Ans - c

....

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……

What are the forces behind the demand curve?

a. Expectation about future economic conditions
b. Average Income
c. Cost of production
d. Both a. and b.

Ans - d

....

There are typically ...... types of ego states in transactional analysis according to Eric Berne.

a. 2
b. 3
c. 4
d. 5

Ans - b

....

Which of the following is a liquidity ratio?

a. Quick ratio
b. T O L / T N W
c. D S C R
d. Other current liabilities

Ans - a

....

Which of the following is not correct regarding Current Ratio?

a. For same level of current assets, increase in N W C results in increased current ratio.
b. The current ratio can be less than one
c. The current ratio can be negative
d. Current ratio is an indicator of liquidity

Ans - c

....

For carrying out his studies, a student borrows Rs. 3 lac from a bank at concessional rate of 5% p.a. for 4 years of his professional course. What is the total amount payable by him at the end of the 4th year?

a. 1298038

……

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……

b. 1280838
c. 1293038
d. 1283038

Ans - c

Explanation :

Here,

P = 3 lac
R = 5% p.a.
T = 4 yrs

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

FV = 300000*(1.054 – 1) ÷ 0.05
= 1293038
....

The commercial paper can be issued by

a. Corporate
b. Corporate and partnership firms
c. Any business entity
d. None of the above

Ans - a
....

Which of the following is not correct regarding Forfeiting? :

a. It a form of working capital finance
b. It is used in export finance
c. It is with recourse to the drawer of the bill
d. Under this financier discounts the bills drawn on buyer.

Ans - c
....

Which of the following is correct regarding Letters of Credit?

a. These are opened by a bank for export sales by the client
b. These are opened by a bank for local sales by the client

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………

c. Letters of Credit do not carry much risk for the opening bank
d. Letters of Credit are opened by a bank for purchase of goods by the client

Ans - d

....

The child ego state can be further classified into ...... categories.

a. 2
b. 3
c. 4
d. 5

Ans - b

....

Which one is an economic activity? (i) Investment, (ii) Production, (iii) Consumption

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

Ans - d

....

DER is 2:1, the amount of total assets Rs 30 lac, current ratio is 1:1 and owned funds Rs 5 lac. Find our the amount of current assets?

a. 10 lac
b. 12 lac
c. 15 lac
d. 18 lac

Ans - c

Let me Explain

Owned fund = equity = 5 lac
Since DER = 2:1
i.e Debt : equity = 2:1
Hence Debt = 10 lac
(if we consider debt and equity as long term liabilities then term liability works out to 15 lac (10+5)
Here total assets is 30 lac

………

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………

Now as per balance sheet equation, total Assets = total liabilities
Hence here total liabilities will also be 30 lac
Now term liabilities of Rs 15 lac and remaining 15 lac as current liabilities (15+15=40)
Hence CL=15 lac
Since here CR=1:1 then
1:1=CA:15
i.e CA = 15 lac
....

Net worth = Rs 20 lac, Term liabilities = Rs 30 lac. Fixed Assets = Rs 48 lac and current assets = Rs 75 lac. If there is no intangible assets or the non current assets, calculate it's net working capital.

a. 1 lac
b. 2 lac
c. 3 lac
d. 4 lac

Ans - b

Let me Explain

Here Net worth = capital + reserve = 20 lac
Since capital is a kind of liability hence liability = 20 lac
Liabilities = 30+20 = 50 lac
Assets = 48+75 = 123 lac
But as per balance sheet, Total assets = Total liabilities
Hence liabilities must also be 123 lac
So, out of 123 lac (123-50 = 73) i.e 73 lac will be CL
Hence NWC = CA-CL
= 75 - 73
= 2 lac
....

Mr. Peter prefers activities that involve thinking, organising and understanding others. His personality type is ......

a. Realistic
b. Social
c. Enterprising
d. Investigative

Ans - d
....

………

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……

...... is becoming the key factor to success for survival, growth or achieving excellence.

a. Availability of credit
b. Human resource
c. Technology used
d. All the above

Ans - b

....

Which of the Following is not a risk mentioned in the Basel II Accord

a. Operational risk
b. Market risk
c. Default risk
d. Credit risk

Ans - c

....

A 12%, 4-year bond of Rs. 100 was purchased by x for Rs. 100. If the market interest rate increased by 1%, what will the market price?

a. 93.07
b. 90.37
c. 97.03
d. 79.30

Ans - c
Explanation :
P = 100
CR = 12%
YTM = 12 + 1 = 13%
So, Price = 97.03

....

Pick the correct statement.

a. The quantity of money demanded increases with the fall in the rate of interest.
b. The quantity of money demanded increases with the decrease in the level of nominal income.
c. Increase in money supply leads to the rise in the rate of interest.
d. Demand of money is directly related to the rate of interest.

Ans – a

……

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………

Which policy is used by the government, central bank or monetary authority to control the supply, availability and cost of money or ROI to obtain growth and stability of the economy?

a. monetary policy
b. fiscal policy
c. both a and b
d. None of these

Ans - a

....

Which policy refers to government borrowings, spending and taxation?

a. monetary policy
b. fiscal policy
c. both a and b
d. None of these

Ans - b

....

Which of the following is also known as discount rate?

a. CRR
b. RRR
c. bank rate
d. SLR

Ans - c

....

The branch of economics that studies how households and firms make decisions to allocate limited resources is known as ……

a. Macroeconomics
b. Microeconomics
c. Both of these
d. None of these

Ans - b

....

………

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………

Nominal GDP is also known as ......

a. GDP at current price
b. GDP at constant price
c. GDP at variable price
d. None of these

Ans - a

....

Calculating today's output at yesterday's price reflects ...... GDP.

a. real
b. nominal
c. virtual
d. None of these

Ans - a

....

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

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

Ans - b

....

A bond with Rs. 1000 par value has a Coupon rate of 12%. The required rate of return on the bond is 14% and it is maturing in 8 years. Find the value of the bond.

a. 920
b. 907
c. 913
d. 927

Ans - b

....

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……

86th constitutional amendment has made free and compulsory education to all children upto ......

a. Girls Upto age 14
b. Up to 10th class to girl
c. 6 to 14 yr to all children
d. 6 to 14 yr to all Girls

Ans - c

....

Pick up the wrong one

a. Job description is about the job that an employee has to perform
b. Job specification relates to the requirements in terms of educational qualification, age, experience etc
c. Job evaluation relates to the comparison between similar jobs within the organization or between organizations or within the industry
d. All the above

Ans - c

....

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

a. Training
b. On job training
c. Education
d. Development

Ans - d

....

Knowles(Nadler) categoried adult learning process in different theories. Match the followings-

a. Mechanistic/behaviorist Theories- i) Equate man with his brain.
b. Organicismic/humanistic   - ii) Learner is passive in the process of learning.
c. Cognitive theories   - iii) freedom to learn

a. a-i b-ii c-iii
b. a-ii b-iii c-i
c. a-iii b-ii c-i
d. a-ii b-i c-iii

Ans - B

....

……

……

DER is 3:1, the amount of total assets Rs 20 lac , current ratio is 1.5:1 and owned funds Rs 3 lac. What is amount of current assets?

a. 3 lac
b. 5 lac
c. 12 lac
d. 15 lac

Ans - c

Owned fund= equity= 3 lac
Since DER = 3:1
i.e Debt: equity = 3:1
Hence Debt = 9 lac
(f we consider debt and equity as long term liabilities then term liability works oyt to 12(9+c. lac)
Here total assets is 20 lac
Now as per balance sheet equation total Assets= total liabilities
Hence here total liabilities will be 20 lac also
Now term liabilities of Rs 12 lac and remaining 8 lac as current liabilities (12+8=20)
Hence CL=8 lac, Since here CR=1.5:1 then
1.5:1=CA:8
i.e CA= 1.5×8=12 lac
....

According to ......, economics is the science which studies human behavior as relationship between ends and scarce means which have alternate uses.

a. Alfred Marshall
b. Lionel Robbions
c. Adam Smith
d. None of these

Ans - b
....

Money is anything which performs the following. Pick up the odd one.

a. A measure of value
b. Medium of exchange
c. A store of value over time
d. Measure of prosperity

Ans - d
....

……

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………

Standard deviation of the distribution of the sample proportions is called ...... Select the best option.

a. standard error of the mean
b. sampling distribution error
c. standard error of the proportion
d. standard error of the statistics

Ans - c

....

The process of capturing the tacit knowledge of people in a systematic manner for future use is not called as ...... (i) Data entry, (ii) Information technology, (iii) Knowledge management

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

Ans - a

....

Ability to control or redirect disruptive impulses and moods and propensity to suspend judgment- to think before acting comes under which components of emotional intelligence.

a. Self-awareness
b. Self-Regulation
c. Self-motivation
d. Empathy

Ans - b

....

Suppose CR is 4:1. NWC is Rs 30000/- what is the amount of CA ?

a. Rs 20000/-
b. Rs 10000/-
c. Rs 40000/-
d. Rs 60000/-

Ans - c

....

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……

Concept of Locus of Control is given by...

a. Schein
b. Leftcourt and Leveson
c. Luft and Ingham
d. Kurt lewin

Ans - b

....

How much money will a student owe at graduation if she borrows Rs. 3000 per year @ 5% interest during each of her four years of school?

a. 12390
b. 12093
c. 12930
d. 12039

Ans - c

Explanation :

Here,

P = Rs. 300
T = 4 years
R = 5%

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

FV = 3000 × (1.054 – 1) ÷ 0.05
= 12930

....

Which of the following is not an internal factor affecting credit risk?

a. Excessive lending to cyclical industries
b. Low quality of credit appraisal and monitoring
c. Deficiencies in the loan policy of the bank
d. Protectionist policies of other countries

Ans - d

....

……

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………

Albert purchased 8%, 3 years bond of Rs. 10 lac, with annual interest payment and face value payable on maturity. The YTM is assumed@ 6%. Calculate the duration and modified duration.

a. 2.36
b. 2.79
c. 2.63
d. 2.97

Ans - c

Explanation :

Bond's Duration = ΣPV×T ÷ ΣP

ΣP = 1053421

Now, a = 0.943396 and a^t = 0.839619

So, ΣPV×T = 80000 × 16.666 × (0.160381÷0.056604 − 2.518857) + 2518857
= 419370.767 + 25188579
= 2938227.77

So, Duration of the Bond
= 2938227.77 / 1053421
= 2.79 years

& Modified Duration
= Mckauley Duration ÷ (1 + R)
= 2.79 ÷ 1.06
= 2.63
....

Which of the following is not a macro level action for mitigation of credit risk?

a. Periodically reviews of the exposure norms for single and group borrowers
b. Improving appraisal standards of credit proposals
c. Frequent reviews of norms and fixing internal limits for aggregate commitments to specific sectors of the industry or business
d. Periodic review of total credit portfolio based on quality parameters

Ans - b

....

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………

Which of the following is not a micro level action for mitigation of credit risk?

a. Improving sanctioning and delivering process
b. Obtention of collateral security
c. Monitoring and review of individual proposals/categories of proposals
d. Periodical reviews of the exposure limits for business or industry segment

Ans - d

....

Mr. Raj is to invest Rs. 100000 by end of each year for 5 years @ 5% roi. How much amount he will receive?

a. 556253
b. 553562
c. 552563
d. 555263

Ans - c

Explanation :

Here,
P = 1000000
R = 5% p.a.
T = 5 Y

FV = P / R * [(1+R)^T - 1]
FV, if invested at end of each year, is:
So,
FV = (100000÷0.05) * {{1+0.05}^5 – 1}
= 552563

....

Choose the pair of symbols that doesn't complete this sentence: —is a parameter, whereas – is a statistic.

a. N, g
b. y, s
c. N, n
d. All of these

Ans - a

....

……

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………

The central limit theorem

a. Requires some knowledge of the frequency distribution
b. Permits us to use sample statistics to make inferences about population parameters
c. Relates the shape of a sampling distribution of the mean to the man of the sample
d. Requires a sample to contain fewer than 30 observations

Ans - b

....

Mr. Ram wants to have Rs 20000 after a year. How much he should deposit in a bank to get this amount if the prevailing rate of interest is 9% ?

a. 17896
b. 18104
c. 18224
d. 18348

Ans - d

....

In Random Sampling, we pick up one, keep it away and then pick another from the remaining. This is called...

a. Sampling with replacement
b. Simple random sampling
c. Sampling without replacement
d. None of the above

Ans - c

....

The standard error of the mean for a sample size of two or more is

a. Always greater than the standard deviation of the population
b. Generally greater than the standard deviation of the population
c. Usually , the standard deviation of the population
d. None of these

Ans - c

....

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……

Who called workers as Vital machines ?

a. Hanery Foyal
b. Peter Duker
c. Elton Mayo
d. Charles Babbage

Ans - b

....

Establishing Training and Development system as part of the HRD efforts doesn't involve...

a. identification of training needs
b. conducting the training
c. evaluation of training
d. None of these

Ans - d

....

Alka borrowed Rs. 65600 for 2 years at 5% p.a., to be returned in 2 equal installments. What is the amount of installment?

a. 38520
b. 38250
c. 35820
d. 35280

Ans - d

Explanation :

Here,

P = 65600
R = 5% p.a.
T = 2 yrs

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

EMI = 65600 × 0.05 × 1.05^2 ÷ (1.05^2 – 1)
= 35280

....

……

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……

Which of the following is not an unsatisfactory sign in conduct of the account of the borrower?

a. Delay in payment of interest or installments,
b. routing of transactions with some other bank
c. Frequent over drawings
d. High turnover

Ans - d

....

Which of the following is not the purpose credit audit?

a. Improvement in the quality of credit portfolio
b. Review sanction process and compliance status of large loans
c. Feedback on regulatory compliance
d. Stock inspection

Ans - d

....

Purpose of appointing bank's nominee on company's board of borrowing company is ......

a. To keep a tab on the important decisions of the board
b. To be a part of the management
c. To guide the company for better working
d. To safeguard the securities charged to the bank

Ans - a

....

Which of the Following k not a risk mentioned in the Basel II Accord

a. Operational risk
b. Market risk
c. Default risk
d. Credit risk

Ans - c

....

Given,

Corporation tax   - Rs. 500 Crores
Income tax   - Rs. 400 Crores

……

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………

Other taxes and duties   - RS. 200 Crores
Customs   - RS. 500 Crores
Union exercise tax   - Rs. 400 Crores
Service tax   - Rs. 700 Crores
Tax of union territories- Rs. 200 Crores
Interst receipt   - Rs. 500 Crores
Devident & profit   - Rs. 800 Crores
External grant   - Rs. 200 Crores
Other non tax revenue   - Rs. 900 Crores
State Share   - Rs. 500 Crores
Receipt of union territories - Rs. 700 Crores
Trf to NCCD (National calamity Contingency fund. - Rs. 200 Crores

Calculate Gross Tax Revenue …

a. Rs 1900 Crores
b. Rs 2200 Crores
c. Rs 2900 Crores
d. Rs 3800 Crores

Ans - c

Solution :

Gross Tax revenue = Corporation Tax + Income tax + other tax & duties + customs + union excise duties + service Tax + taxes on union territories
     = 500+400+200+500+400+700+200
     = 2900 Crores

....

Find the price of a zero-Coupon bond maturing in 5 years and has a par value of 1000 and a required yield of 6%.

a. 733
b. 744
c. 755
d. 766

Ans - b

Explanation :

Using bond's price formula, here Coupon = 0 and hence,
Zero-Coupon Bond's price = Face Value ÷ $(1 + R)T$ = 1000 ÷ 1.065

………

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………

But, unless otherwise mentioned, the required yield of most zero-Coupon bonds is based on a semi-annual Coupon payment.

So, Price
= 1000 ÷ 1.0310
= 744

....

Which of the following is not a credit risk?

a. Unwillingness of a customer to meet his commitment relating to a financial transaction with the bank
b. Inability of the customer to reimburse the bank in case of invocation of a guarantee or devolvement of an L.C
c. Inability of a customer to meet his commitment relating to a financial transaction with the bank
d. Loss to the bank due to fraud

Ans - d

....

Business Cycle is also known as

a. Entrepreneur cycle
b. Economic cycle
c. Vicious circle
d. None of the above

Ans - b

....

For Y = a - b X we say that relationship between Y and X is

a. direct & linear
b. indirect & linear
c. indirect & curvilinear
d. direct & curvilinear

Ans - b

....

A time series of annual data will contain which of the following components

a. secular trend
b. cyclical fluctuation
c. seasonal variation

………

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………

d. a & b

Ans - d

....

Removing the highest & lowest actual-to-moving average values when computing seasonal index for annual data reduces

a. extreme cyclical variations
b. secular trend
c. seasonal variations
d. all of these

Ans - a

....

CHIPS is a

a. Net settlement system
b. Gross settlement system
c. settles in forex currency only
d. a & c both

Ans - a

....

Structured Financial Messaging System (SFMS) is for

a. Inter-bank messaging
b. Intra Bank messaging
c. RTGS
d. All of the above

Ans - d

....

Electronically, customers fund can be transmitted across the bank by

a. CENTRALISED BANKING SYSTEM
b. SFMS
c. RTGS
d. ATMS

Ans – c

……

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……

Pick the correct statement.

a. IS curve tells us what will be various rates of interest at different levels of income, given the investment demand curve and a family of saving curves at different levels of income.
b. LM curve is obtained from a family of liquidity preference curves corresponding to various income levels together with the given stock of money supply.
c. LM curve depicts the various combinations of interest and income levels, at which money market is in equilibrium.
d. All are correct.

Ans - d

....

Narrow Money consists of ……

a. Currency with the public + demand deposits with the banking system + other deposits with the RBI
b. Currency with the public + time deposits + other deposits
c. Time deposits + demand deposits + other deposits with the RBI
d. Currency with the public + Demand Deposits

Ans - a

....

Who gave wealth theory (definition) of economics?

a. Alfred Marshall
b. Lionel Robbions
c. Adam Smith
d. None of these

Ans - c

....

…… is a measure of level of prices of all new, domestically produced final goods and services in an economy.

a. WPI
b. GDP deflator
c. Price index
d. CPI

Ans - b

....

……

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………

Shifts in supply means ......

a. When changes in factors other than goods own price affect the quantity supplied
b. When changes in goods own price affect the quantity supplied
c. Both a and b
d. None of these

Ans - a

....

The training and development involves the following. Pick up odd one

a. Identification of training needs
b. Conducting the training
c. Duration of training
d. Selection and development of trainers

Ans - c

....

The people component is becoming the key factor to success of strategy ......

a. For survival
b. For growth
c. For achieving excellence.
d. For social status

Ans - d

....

The theories associated with the actual teaching are:

a. Learning in employees in enhanced when the learner is motivated
b. Learning requires feedback
c. Reinforcement increases the likelihood that a learned behavior will be repeated
d. Learning must be non transferable to the job

Ans - d

....

Demographic advantage is called......

a. preference
b. dividend

………

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……

c. premium
d. coupon

Ans - b

....

Government of india introduced......policy for raising interest rate to combat inflation.

a. Expansionary policy
b. Monetary policy
c. Fiscal policy
d. Contractionary policy

Ans - d

....

Which is not true?

a. Personnel department is final authority in policy related decisions
b. Line management is the final authority in performance related decisions concerning promotions.
c. HR professionals must have qualifications in HRM.
d. Managing people is a Operational Function

Ans - d

....

Go through the following data and answer the questions (all in Indian Rupees in Crores)

1. Consumptions - Rs. 30000
2. Gross investment - Rs. 40000
3. Govt spending - Rs. 20000
4. Export - Rs. 70000
5. Import - Rs. 60000
6. Taxes - Rs. 5000
7. Subsidies(on production and import) - RS. 1000
8. Compensation of employee - Rs. 500
9. Property Income(net receivable from aboard. - Rs. 500
10.Total capital gains from overseas investment - Rs. 1500
11.Income earned by foreign national domestically - Rs. 500

Calculate GNI

a. Rs. 96000
b. Rs. 105000

………

……

c. Rs. 110000

d. Rs. 115000

Ans - b

Solutions :

GDP = C+I+G+(X-M)

   = 30000+40000+20000+(70000-60000)

   = 100000

GNI = GDP+(taxes-subsidies)+Compensation of Employees(Net receivable from abroad)+property income(Net receivable from abroad)

   = 100000+(5000-1000)+500+500

   = 105000

....

A 6 year bond with par value Rs. 1000 has a current yield of 7.5% & a Coupon rate of 8%. What is the bond's price?

a. 1032

b. 1302

c. 1203

d. 1023

Ans - d

....

If a = 2, b = 1, independent variable = 4 then dependent variable for an estimating line is...

a. 2

b. 4

c. 6

d. 7

Ans - c

....

Out of the following, which 3 measures are used in correlation analysis:

a)standard error, b)covariance, c)standard deviation, d)coefficient of correlation, e) coefficient of determination.

a. a, b, c

b. a, c, e

……

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………

c. b, d, e
d. b, c, e

Ans - c

....

Correlation coefficient measures the ...... of the linear relationship.

a. ratio
b. strength
c. value
d. none of these

Ans - b

....

The correlation coefficient is denoted by ......

a. y
b. S
c. r
d. x

Ans - c

....

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

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

Ans - c

....

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

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

Ans – a

………

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………

R B I has suggested which of the following earliest date of making application by banks to R B I regarding implementation of the advanced approaches (Foundation as well as I R b).

a. 1, April 2012
b. 1, April 2013
c. 1, April 2014
d. 1, April 2015

Ans - a

....

If A invests Rupees 100 at 7 percent interest rate for 3 years, what will be the value at the end of 3 years?

a. 125.20
b. 122.50
c. 152.50
d. 120.50

Ans - b

....

A constant flow paid or received at regular time intervals for ever is known as...

a. Annuity
b. Perpetuity
c. Growing annyuity
d. Growing perpetuity

Ans - b

....

What amount you would need to invest in the annuity if you want to get paid Rs. 20,000 a year for 20 years when the roi is 5%?

a. 249244
b. 242944
c. 244299
d. 242499

Ans - a
Explanation :
Here,
20000 is to be get paid each year, so the formula is derived from EMI formula:

………

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………

PV = P / R * [(1+R)^T - 1]/(1+R)^T
PV = 20000 × (1.0520 − 1) ÷ (0.05 × 1.0520)
= 249244

....

Which label can be applied for the purpose of facilitating communication, in an individual's preparation for an identified job in a not-too-distant future ?

a. Training
b. Education
c. Development
d. None of the above

Ans - b

....

When the adult education is organized with the model (for children), it is known as.....

a. Child modeling
b. Andragogy
c. Pedagogy
d. paragogy

Ans - c

....

The value of r2 is 0.49, then coefficient of correlation is

a. 0.49
b. 0.7
c. 0.07
d. cannot be determined

Ans - d

....

In systematic sampling, each ...... does not have an equal chance of being selected.

a. sample
b. element
c. both of these
d. none of these

Ans – a

………
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……

Floods, wars, etc are examples of ......

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

Ans - d

....

Statutory corporations are controlled by which act for credit management?

a. Indian contract act
b. Company act
c. Acts that created them
d. Indian partnership act

Ans - c

....

Which one of the following is not a non fund base credit ?

a. Letter of credit
b. Bill discounting
c. Co-acceptance of bills
d. Forward contracts

Ans - b

....

The population is divided into groups and then a random sample of these groups are selected in ......

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

Ans - d

....

The aim of a rehabilitation programme is ......

a. To make the operations of the enterprise viable again
b. To help in employment generation

……

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………

c. To comply with R B I guidelines
d. To increase bank's advances

Ans - a

....

In a normal distribution 95.5% of all the sample statistics are within ……. standard errors of the population parameter

a. ± 5%
b. ± 2.25%
c. ± 3%
d. none of the above

Ans - b

....

Banks enter into compromise with borrowers in case of default, because ......

a. Recovery through legal action is time consuming
b. Adequate security is not available
c. Realization or security may be difficult
d. All the above

Ans - d

....

As per RBI guidelines, Commercial banks are required to lend ...... of priority sector to weaker sections.

a. 10%
b. 18%
c. 25%
d. 32%

Ans - c

....

Given,
Corporation tax   - Rs. 1000 Crores
Income tax   - Rs. 800 Crores
Other taxes and duties   - RS. 600 Crores
Customs   - RS. 800 Crores
Union exercise tax   - Rs. 600 Crores
Service tax   - Rs. 500 Crores

……

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………

Tax of union territories- Rs. 300 Crores
Interst receipt   - Rs. 500 Crores
Devident & profit   - Rs. 700 Crores
External grant   - Rs. 300 Crores
Other non tax revenue - Rs. 1000 Crores
State Share   - Rs. 600 Crores
Receipt of union territories - Rs. 800 Crores
Trf to NCCD (National calamity Contingency fund) - Rs. 300 Crores

Calculate Gross Tax Revenue ...

a. Rs 3800 Crores
b. Rs 4300 Crores
c. Rs 4600 Crores
d. Rs 5600 Crores

Ans - c

Solution :
Gross Tax revenue = Corporation Tax + Income tax + other tax & duties + costoms + union excise duties + service Tax + taxes on union territories
    = 1000+800+600+800+600+500+300
    = 4600 Crores
....

Which is a basic element of a job ?

a. Job
b. Task
c. Role
d. Work

Ans – b
....

You have a choice between investing in a corporate bond or a municipal bond with a yield of 8%. If your marginal tax rate is 28% , what should be the yield on the corporate bond in order to be competitive?

a. 12.36
b. 11.11
c. 14.32
d. 13.34

Ans – b

………

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……

Demand for a product at Rs. 10 per unit is 400. If the price elasticity of demand is 1, how much the demand will be at Rs. 16 per unit?

a. 240
b. 200
c. 160
d. 120

Ans - c

Solution :

Price Elasticity of Demand = % Change in Quantity Demanded / % Change in Price

% Change in Quantity Demanded = 400-x/400*100 = (400-x)/4
% Change in Price = 6/10*100 = 60

Price Elasticity of Demand = % Change in Quantity Demanded / % Change in Price
1 = ((400-x)/4)/60
60 = (400-x)/4
240 = 400-x
x = 400-240
x = 160

....

When the price of a commodity falls from Rs. 40 per unit to Rs. 32 per unit, the quantity supplied falls by 30%. Calculate the price elasticity of supply.

a. 1
b. 1.5
c. 2
d. 2.5

Ans - b

Solution :

Price Elasticity of Supply = (% change in quantity supplied) / (% change in price)
  = 30/(40-32)*100/40
  = 30/8*100/40
  = 30/20
  = 1.5
....

……

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………

Advances upto 01.04.2013 for purchase and distribution of fertilizers, pesticides, seeds etc. upto Rs.... are covered under priority sector.

a. 25 Lakhs
b. 50 Lakhs
c. 1 Crore
d. 5 Crores

Ans - d

....

Who is called as the founder of scientific management approach ?

a. Charles Babbage
b. Elton Mayo
c. Fredrick tylor
d. Peter Duker

Ans - c

....

The chapter argues that one of the following attributes of potential employees is of heightened interest to employers when recruiting. Which one is it?

a. The candidate's physical health
b. The candidate's ability to deal with customers
c. The candidate's ability to prepare for and cope with an uncertain future
d. The candidate's organizational abilities

Ans - c

....

The approach which was instilled in the principles of mass production, organization of work, simple work skills and supervisory managerial skills is termed as.

a. The scientific management approach
b. Craft system
c. Human relations
d. organisational behaviour

Ans - a

....

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……

KPA stands for...

a. Key Performance Areas
b. Knowledge, Performance and Attitude
c. Knowledge, potential and Achievement
d. None of the above

Ans - a

....

The education model available for education of children is called ......

a. Andragogy
b. Cognitive
c. Pedagogy
d. Minorology

Ans - c

....

Which label can be applied for the purpose of facilitating communication, to improve the performance of individual on his present job ?

a. Training
b. Education
c. Development
d. None of the above

Ans - a

....

Which of the following is not a source for meeting working capital requirements?

a. Suppliers' credit
b. Bank finance
c. Other current liabilities
d. Advance payment to suppliers

Ans - d

....

Which theories state that the learner is passive in the process of learning ?

a. Organismic Theories

……

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……

b. Mechanistic or Behaviourist Theories
c. Cognitive Theories:
d. Humanistic Theories

Ans - b

....

The concept of howthorne studies was given by...

a. Fredrick tylor
b. Charles Bbbage
c. Elton Mayo
d. Peter Duker

Ans - c

....

Which encompasses socio-psychological relationship ?

a. Job
b. Task
c. Role
d. Work

Ans - d

....

A bond is issued with a face value of 1000 that pays a Rs. 25 Coupon semi-annually. Find its Coupon rate.

a. 4
b. 5
c. 6
d. 7

Ans - b

Explanation :

Coupon = Face Value × Coupon Rate
25 = 1000 × CR ÷ 2
So, CR = 5%

....

……

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………

A card is drawn at random from a deck of cards. Find the probability of getting 3 of diamond.

a. 1/52
b. 1/38
c. 3/56
d. 3/38

Ans - a

....

LIABILITIES :

Equity capital→ 200
Perference capital → 100
Term loan → 600
Bank CC(Hyp) →400
Sundry creditors → 100

ASSETS :

Net fixed assets → 800
Inventory → 300
Receivables → 150
Investment in Gov Sec → 50
Preliminary Expenses → 100

Total outside liabilities/ Total tangible net worth

DER = ?
Tangible net worth = ?
Current ratio= ?
Ans - 5.5, 2:1 , 200 , 1:1

....

Which of the following is an external factor affecting credit risk?

a. Government policies
b. Faulty loan and repayment structuring
c. Overexposure (concentration) of credit to a particular segment
d. Lack of an efficient recovery machinery

Ans - a

....

………

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……

Which of the following is not an internal factor affecting credit risk?

a. Excessive lending to cyclical industries
b. Low quality of credit appraisal and monitoring
c. Deficiencies in the loan policy of the bank
d. Protectionist policies of other countries

Ans - d

....

Which of the following is not a macro level action for mitigation of credit risk?

a. Periodically reviews of the exposure norms for single and group borrowers
b. Improving appraisal standards of credit proposals
c. Frequent reviews of norms and fixing internal limits for aggregate commitments to specific sectors of the industry or business
d. Periodic review of total credit portfolio based on quality parameters

Ans - b

....

The current ratio of M/S Krishna & Co. was 2:1 and current assets of Rs 20 lac. Stocks worth Rs 5 lac are damaged and there is no insurance. What is the new current ratio, if the total assets are Rs 40 lac ?

a. 1.75
b. 1.5
c. 1.33
d. 1.25

Ans - b

....

A firm revalues its land and building from Rs 40 lac to Rs 100 lac. If the current asset before this revaluation was 1.33:1 with current liabilities of Rs 100 lac. What will be new current ratio ?

a. 1.17
b. 1.25
c. 1.33
d. 1.50

Ans - c

....

……

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……

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

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

Ans - b

....

...... is a prominent feature of Type B personalities.

a. Doing several things at one time
b. Feeling guilty when relaxing
c. Being aggressive
d. Being patient and methodical

Ans - d

....

...... rate at which the RBI lends short term money to the banks.

a. Reverse Rate
b. Repo rate
c. OMO
d. SLR

Ans - b

....

The term ...... was coined to differentiate adult learning process from that of child learning.

a. Andragogy
b. Cognitive
c. Pedagogy
d. Minorology

Ans - a

....

A firm needs Rs. 170000 to replace its machinery at the end of 5 years. At 12% roi, how much it should contribute every month?

a. 2802

……

……

b. 2082
c. 2820
d. 2028

Ans - b

Explanation :

Here,

FV = 170000
R = 12% p.a. = 0.01% monthly
T = 5 Y = 60 months
(Here, the firm has to contribute monthly, so we have converted rate and time to monthly equivalent values)
FV, if invested at end of each month / year, is:

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

170000 = P * (1.0160 -1) ÷ 0.01
170000 = P * 81.66967
P = 170000 / 81.66967
  = 2082

....

Find Correlation coefficient for X and Y values given below :
X= (1,2,3,4,5)
Y= {11,22,34,43,56}

a. 0.8899
b. 0.9989
c. 1.0899
d. 1.0989

Ans - b

Explanation :

Step 1: Find Mean for X and Y
X=15/5=3
Y=166/5=33.2

Step 2: Calculate Standard Deviation for Y inputs:
σx=

………

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………

√(1/(N-1)*((x1-xm)2+(x2-xm)2+..+(xn-xm)2))

=√(1/(5-1)((11-33.2)2+(22-33.2)2+(34-33.2)2+(43-33.2)2+(56-33.2)2))

=√(1/4((-22.2)2+(-11.2)2+(0.8)2+(9.8)2+(22.8)2))

=√(1/4((492.84)+(125.44)+(0.64)+(96.04)+(519.84)))

=√(308.7)

=17.5699

Step 3: Standard Deviation for X Inputs:
σx=
√(1/(N-1)*((x1-xm)2+(x2-xm)2+..+(xn-xm)2))

=√(1/(5-1)((1-3)2+(2-3)2+(3-3)2+(4-3)2+(5-3)2))

=√(1/4((-2)2+(-1)2+(0)2+(1)2+(2)2))

=√(1/4((4)+(1)+(0)+(1)+(4)))

=√(2.5)

=1.5811

Σ((X - μx) (Y - μy))
=(1-3)(11-33.2)+(2-3)(22-33.2)+(3-3)(34-33.2)+(4-3)(43-33.2)+(5-3)(56-33.2)
=(-2*-22.2) + (-1*-11.2) + (0* 0.8) + (1 *9.8) + (2* 22.8)
=44.4 + 11.2 + 0 + 9.8 + 45.6
=111

Correlation Coefficient = 111/((5-1)*1.5811*17.5699)
Correlation Coefficient (r) = 0.9989
Hence the correlation coefficient between the two given data set is 0.9989
....

Suppose that, for a certain population, sigma xbar is calculated as 20 when samples of size 25 are taken and as 10 when samples of size 100 are taken. A quadrupling of sample size, then, only halved sigma xbar. We can conclude that increasing sample size is ....

a. Always cost-effective
b. Sometimes cost-effective
c. Never Cost-effective

……

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………

d. None of the above

Ans - d

....

Suppose you are performing stratified sampling on a particular population and have divided it into strata of different sizes. How can you now make your sample selection? (i) Select at random an equal number of elements from each stratum, (ii) Draw equal numbers of elements from each stratum and weigh the results, (iii) Draw numbers of elements from each stratum proportional to their weights in the population.

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

Ans - c

....

Factors of production are categorised into ......categories.

a. 2
b. 3
c. 4
d. 5

Ans - c

....

Narrow money is indicated by...

a. M1
b. M2
c. M3
d. M4

Ans - a

....

Which of the following statements is not correct for project appraisal?

a. Examination of technical feasibility is carried out
b. The contribution of promoters forms a part of economic appraisal
c. Promoters' background is part of the management appraisal

………

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……

d. Capacity of promoters to arrange for additional funds, in case of contingencies, forms a part of economic appraisal.

Ans - d

....

Which of the following is not a credit risk?

a. Unwillingness of a customer to meet his commitment relating to a financial transaction with the bank
b. Inability of the customer to reimburse the bank in case of invocation of a guarantee or devolvement of an L.C
c. Inability of a customer to meet his commitment relating to a financial transaction with the bank
d. Loss to the bank due to fraud

Ans - d

....

Total liabilities of a firm is Rs 100 lac and current Ratio is 1.5:1. If fixed assets and other non current assets are to the tune of Rs 70 lac and Debt equity ratio being 3:1. What would be the long term liabilities ?

a. Rs 60 lac
b. Rs 50 lac
c. Rs 40 lac
d. Rs 100 lac

Ans - a

....

Which one is not an economic activity?

a. Investment
b. Production
c. Consumption
d. None of these

Ans - d

....

Time Deposits are

a. Paid on demand
b. Not paid on demand
c. Relatively less liquid than cash and demand deposits

……

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………

d. Both a and b

Ans - d

....

...... phase of business cycle is referred as "crisis"

a. Recession
b. Depression
c. Recovery
d. Boom

Ans – a

....

Who gave Scarcity theory of economics?

a. Alfred Marshall
b. Lionel Robbions
c. Adam smith
d. None of these

Ans - b

....

Service sector is also referred as ......

a. Primary Sector
b. Secondary Sector
c. Tertiary Sector
d. None of these

Ans - c

....

Demand deposits are ......

a. Paid on demand
b. Not paid on demand
c. Relatively less liquid than cash and demand deposits
d. Both a and b

Ans - a

....

……

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………

The Fiscal Responsibility and Budget Management Act (FRBM Act), a committee set up in January 2000, was headed by ......

a. M Narasimham
b. Dr. E A S Sarma
c. Mr R Raghawan
d. Mr A. K. Choudhary

Ans - b

....

The Finance Minister is required to keep the Parliament informed through ...... on the implementation and to take corrective measures if the reviews show deviations.

a. half yearly reviews
b. annual reviews
c. monthly reviews
d. quarterly reviews

Ans - d

....

The central bank injects liquidity in to the banking system using ...... Select the best option.

a. CRR
b. SLR
c. Repo Rate
d. Reverse Repo Rate

Ans - c

....

Ashwini purchased a bond with face value of Rs. 1000 and Coupon of 8% and maturity of 6 years. If YTM is increased by 1%, the change in price of bond would be......

a. 48.64
b. 44.86
c. 46.84
d. 46.88

Ans - b

Explanation :
If YTM is 9%, then bond's price

………

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……

= [80 × (1.09^6 – 1) ÷ 0.09 + 1000] ÷ 1.09^6
= 955.14

So, change in price of the bond

= 1000 - 955.14
= Rs. 44.86 decrease
(Since Coupon rate < YTM, so Bond's Value < FV)

....

Human development Index (HDI) is developed by ......

a. RBI
b. Central Bank
c. World Bank
d. SEBI

Ans - c

....

Pick the incorrect statement.

a. IS curve is derived from the classical theory.
b. Intersection of IS and LM curve determines both the interest and income.
c. As income decreases, liquidity preference curve shifts outward and therefore the rate of interest rises.
d. LM curve is derived from Keynes' liquidity preference theory of interest.

Ans - c

....

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

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

Ans - d

....

Which of the following is not correct regarding infrastructure project by the banks?

a. Banks are allowed to funds promoters' equity in certain circumstances
b. Exposure norms are relaxed by R B I

……

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……

c. Asset liability mismatch has been permitted by R B I
d. I D F C provides liquidity support to banks

Ans - c

....

A higher discount rate will lead to...

a. A higher present value of the future cash flow
b. Lower present value of the future cash flow
c. No change in present value of the future cash flow
d. No change

Ans - b

....

A process by which present cash flow are converted into their future value is called.

a. compounding
b. discounting
c. converting
d. finding present value

Ans - a

....

 'As the output increases, the productivity per worker increases.' What relationship does it lead to?
a. direct linear relationship
b. curvilinear relationship
c. inverse relationship
d. none of the above

Ans - b

....

What are sampling groups which are very similar within but dissimilar without are called?

a. cluster
b. stratified
c. systematic
d. random

Ans - b

....

……

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………

If the maturity of a bond is long into the future the interest rate is higher. Why?

a. longer term maturity is more sensitive to price fluctuation than shorterterm
b. the attractiveness of longer termis related to interestonly
c. longer term bonds are generally issued by institutions of lesser rating
d. longer term maturity is less sensitive to fluctuation than shorter term

Ans - a

....

What variation does moving average method eliminate ?

a. seasonal
b. Cyclical
c. Irregular
d. Secular trend

Ans - a

....

Pick odd man out:

a. Rent
b. Interest
c. Wages
d. Money

Ans - d

....

IS curve and Lm curve are related to ...... (i) Demand, (ii) Income, (iii) Rate of interst

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

Ans - c

....

A D G P is issued by the bank for ----------, by its client.

a. Sale of goods
b. Purchase of goods

………

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……

c. Sale of capital goods
d. Purchase of capital goods

Ans - d

....

Which of the following is not a source of funds for meeting the cost of fixed assets by an enterprise?

a. Credit by supplier of assets
b. Internal accruals
c. Debentures
d. D P G

Ans - d

....

Which of the following is not included under gross investment?

a. purchase of new machinery
b. purchase of software
c. investments on financial products
d. buying goods and services

Ans - c

....

Which of the following does not include government spending?

a. transfer payments like social security or unemployment benefits
b. salaries of public servants
c. purchase of weapons for the military
d. None of these

Ans - a

....

CPI measures prices at ......

a. Wholesale Level
b. Consumer Level
c. Retail Level
d. None of these

Ans – c

……

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……

Select the incorrect statement.

a. The higher the level of income, the lower would be the liquidity preference curve.
b. If the rate of interest is lower than the equilibrium rate, there will be excess demand for money.
c. Excess demand for money at an interest rate below the equilibrium leads to the rise in the interest rate of the equilibrium level.
d. Given the money demand cure or curve of liquidity preference, an increase in quantity of money brings down the rate of interest.

Ans - a

……………………………………………

The formula "C + I + G + (X - M)", (where C stands for consumption, I for gross investment, G for government spending, X for exports and M for imports) is known as ...... method and is used to calculate ......

a. income, GDP
b. expenditure, GNI
c. income, GNP
d. expenditure, GDP

Ans - d

……………………………………………

Broad money is indicated by ......

a. M1
b. M2
c. M3
d. M4

Ans - c

……………………………………………

The deposit liabilities that banks have to maintain with the RBI in the form of liquid cash is known as ...... and it is a certain percentage of their ...... demand and time liabilities.

a. CRR, net
b. CRR, total
c. SLR, net
d. SLR, total

Ans – a

……………………………………………

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……

Which combination is wrong for definition of economics?

a. Alfred Marshall - welfare definition
b. Lionel Robbions - Scarcity definition
c. Adam Smith - wealth definition
d. Alfred Marshall - wealth definition

Ans - d

....

Population of a town is 100000. The rate of change is 4% per annum. What it was 5years ago?

a.82193
b.82257
c.80493
d.82121

Ans - a

....

In demand curve, quantity and prices are ...... related.

a. Directly
b. Inversely
c. Indirectly
d. Market

Ans - b

....

The amount that all banks have to maintain in cash or in the form of gold or approved securities is known as ...... and it is a certain percentage of their ...... demand and time liabilities.

a. CRR, net
b. CRR, total
c. SLR, net
d. SLR, total

Ans - d

....

Which of the following statements is true about 'Inflation?'

a. A rise in the general level of prices

……

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b. Leads to fall in purchasing power
c. Both a. and b.
d. None of the above

Ans - c

....

In which stage ideal worker are come forward to work on low wages.

a. Recession
b. depression
c. Recovery
d. Boom

Ans - c

....

A sum of Rs. 32800 is borrowed to be paid back in 2 years by two equal annual installments allowing 5% compound interest. Find the annual payment.

a. 16470
b. 16740
c. 17460
d. 17640

Ans - d

Explanation :

Here,

PV =?
P = Rs. 32800
T = 2 years
R = 5% = 0.05

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

$32800 = P \times (1.05^2 - 1) \div (0.05 \times 1.05^2)$
P = 32800 ÷ 1.8594
P = 17640

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………

The proportion of the population contained in a sample is the ......

a. stratified sampling
b. standard deviation
c. sample proportion
d. sampling fraction

Ans - d

....

A standard error indicates ......

a. size of the chance error
b. accuracy we are likely to get
c. both of these
d. none of these

Ans - c

....

The standard deviation of the sampling distribution is equal to the ......

a. population standard deviation divided by the square root of the sample size.
b. population standard deviation multiplied by the square root of the sample size.
c. sample size divided by the square root of the population standard deviation.
d. none of these

Ans - a

....

Which of the following is not a micro level action for mitigation of credit risk?

a. Improving sanctioning and delivering process
b. Abstention of collateral security
c. Monitoring and review of individual proposals/categories of proposals
d. Periodical reviews of the exposure limits for business or industry segment

Ans - d

....

Which of the following statements is not true regarding credit derivatives products?

a. These are used to hedge credit risk to the bank
b. The protection buyer is the lending bank

………

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c. The protection seller can be another bank or any other organization
d. The credit asset is transferred in case of derivatives

Ans - d

....

Credit rating is a system of ......

a. Measuring risk
b. Mitigating risk
c. Migrating risk
d. Credit appraisal

Ans - a

....

Internal rating means ......

a. Rating the project
b. Rating the promoters
c. Rating the risk for internal use
d. None of the above

Ans - d

....

For external credit rating, banks depend on ......

a. Rating agencies
b. Experienced staff of the bank
c. Banking consultants
d. None of the above

Ans - a

....

Standard deviation of the distribution of the sample statistic is called ...... Select the best option.

a. standard error of the mean
b. sampling distribution error
c. standard error of the proportion
d. standard error of the statistics

Ans – d

………

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X opened a recurring account with a bank to deposit Rs. 16000 by the end of each year @ 10% roi. How much he would get at the end of 3rd year?

a. 52960
b. 52690
c. 52069
d. 52096

Ans - a

Explanation :

Here,

P = 16000
R = 10% p.a.
T = 3 yrs

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

FV = 16000 * (1.13 − 1) ÷ 0.1
= 52960
…………………………………………

Which of the following statements is true regarding Standardized approach?

a. It has already been adopted by all the banks
b. It has been adopted only the foreign banks operating in India.
c. It has been adopted by the foreign banks operating in India and some of the Indian banks
d. It has to be adopted by the all the banks by March 2010

Ans - a
…………………………………………

A 2-year bond offers a yield of 6% and a 3-year bond offers a yield of 7.5%. Under the expectation theory, what should be the yield on a 1-year bond in 2 years?

a. 9.85
b. 10.56
c. 10.96
d. 11.06

Ans – b

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……

Explanation :
$(1+7.5\%)^3 = (1+6\%)^2 \times (1+r)^1$
R = 10.56%

....

A process by which present cash flow are converted into their future value is called ......

a. compounding
b. discounting
c. converting
d. finding present value

Ans - a

....

Which of the following is not an approach for assessment of credit risks, laid down under Basel 2 Accord?

a. Standardized approach
b. Foundation Internal Rating Based (I R b. approach
c. Advanced Internal Rating Based (I R b. approach
d. Simplified Internal Rating Based (I R b. approach

Ans - d

....

R B I has suggested which of the following earliest date of making application by banks to R B I regarding implementation of the advanced approaches (Foundation as well as I R b)

a. 1, April 2012
b. 1, April 2013
c. 1, April 2014
d. 1, April 2015

Ans - a

....

Go through the following data and answer the questions (all in Indian Rupees in Crores)

1. Consumptions - Rs. 30000
2. Gross investment - Rs. 40000
3. Govt spending - Rs. 20000
4. Export - Rs. 70000
5. Import - Rs. 60000

………

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………

6. Taxes - Rs. 5000
7. Subsidies(on production and import) - RS. 1000
8. Compensation of employee - Rs. 500
9. Property Income - Rs. 500
   7,8,9 - Net receivable from aboard
10.Total capital gains from overseas investment - Rs. 1500
11.Income earned by foreign national domestically - Rs. 500

Calculate GDP at cost factor

a. Rs. 90000
b. Rs. 94000
c. Rs. 96000
d. Rs. 104000

Ans - c

Solution :

GDP = C+I+G+(X-M)
    = 30000+40000+20000+(70000-60000)
    = 100000

GDP at factor rate
= GDP-(Indirect taxes-subsidies)
= 100000-(5000-1000)
= 96000
....

A higher discount rate will lead to ......

a. A higher present value of the future cash flow
b. Lower present value of the future cash flow
c. No change in present value of the future cash flow
d. No change

Ans - b
....

Value today of Re. 1 to be received in future is called ......

a. Present value
b. Compounded factor
c. Discount factor

………

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d. Yield factor

Ans - c

....

In Random Sampling, we pick up one, we note it down, put it back with the remaining and pick the next one. This is called ......

a. Sampling with replacement
b. Simple random sampling
c. Sampling without replacement
d. None of the above

Ans - a

....

Transaction analysis does not refer to ...... (i) understanding financial transactions, (ii) understanding interpersonal relationship and interaction, (iii) understanding transactions relating to business

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

Ans - b

....

A loan of Rs. 4641 is to be paid back by 4 equal annual installments. The interest is compounded annually @ 10%. Find the value of each installment.

a. 1446
b. 1464
c. 1646
d. 1644

Ans - b

Explanation :

Here,

PV =?
P = Rs. 4641
T = 4 years

……

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……

R = 10% = 0.10%

EMI = P * R * [(1+R)^T/(1+R)^T-1)]
= 4641 × 0.1 × 1.14 ÷ (1.14 − 1)
= 1464

....

Seasonal variation is ......

a. Repetitive
b. Predictable
c. Both a and b
d. None of the above

Ans - c

....

Mr. Raj decided to deposit Rs. 5000 every year (at end of the year) for 10 years. How much amount he will get if the interest rate is 5% p.a.?

a. Rs.62890
b. Rs.62980
c. Rs.68920
d. Rs.69820

Ans - a

....

In a normally distributed population, the sampling distribution of the mean ......

a. is normally distributed
b. has a mean equal to the population mean
c. has a standard deviation equal to the population standard deviation divided by the square root of the sample size
d. all of the above

Ans - d

....

If there is a indirect relationship between rainfall & yield of crops then ......

a. yield is higher if rainfall is less
b. yield is lower if rainfall is less
c. yield is higher if rainfall is higher

……

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……

d. none of the above

Ans - c

....

What is a zero coupon bond?

a. there is gain only in price
b. gain in coupon
c. no gain at all
d. none of these

Ans - a

....

A population having a stated or limited size is called as ......

a. Limited Population
b. Infinite Population
c. Finite Population
d. Unlimited Population

Ans - c

....

Mr. Ram wants to have Rs 20000 after a year. How much he should deposit in a bank to get this amount if the prevailing rate of interest is 9% ?

a. 17896
b. 18104
c. 18224
d. 18348

Ans - d

....

The central limit theorem ......

a. Requires some knowledge of the frequency distribution
b. Permits us to use sample statistics to make inferences about population parameters
c. Relates the shape of a sampling distribution of the mean to the man of the sample
d. Requires a sample to contain fewer than 30 observations

Ans – b

……

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………

Xyz purchased machinery of Rs. 100000. The rate of depreciation is 10%. At wdv method, what is the average rate of depreciation for 4 years?

a. 12.76
b. 13.76
c. 14.76
d. 15.76

Ans - B

Explanation :

Here,
P = 100000
R = 10%
T = 5 yrs

FV = P*(1-R)^T
So,
FV = 100000*(1-0.1)^4
= 65610

So, amount of depreciation
= 100000 – 65610
= 34390

Average rate of depreciation
= (34390 ÷100000) * (4÷10) %
= 13.76%
……………………………………

Which of the following is not the basic objective of the System Audit?

a. Safeguarding assets
b. Maintaining process integrity
c. Maintaining data integrity
d. None of these

Ans - d
……………………………………

Which of the following functionality can be accomplished by generalized audit software?

a. Evaluating the quality of data

………

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………

b. Evaluating the quality of system processing
c. Analytical review
d. All of the above

Ans - d

....

Which of the following technique is used for concurrent audit?

a. Integrated Test facility (ITF)
b. System Control Audit Review File (SCARF)
c. Continuous and Intermittent Simulation (CIS)
d. All of the above

Ans - d

....

Amrita obtained a loan of Rs. 92820 @ 10%, which he has to pay in 4 equal annual installments. Calculate the amount of installment?

a. 22892
b. 22982
c. 28292
d. 29282

Ans - d

Explanation :
Here,

P = 92820
R = 10% p.a.
T = 4 yrs

EMI = P * R * [(1+R)^T/(1+R)^T-1)]
EMI = 92820 × 0.1 × 1.14 ÷ (1.14– 1)
= 29282

....

The compound interest on a sum for 2 years is Rs. 153 and simple interest is 225 for 3 years. What are the roi & the principal amount?

a. 5 & 1875
b. 4 & 1875

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……

c. 5 & 1785
d. $ & 1785

Ans - b

Explanation :

Let,

principal amount = P,
ROI = R,
simple interest = SI,
compound interest = CI

SI for 3 years = 225, so SI for 2 years = 150
CI for 2 years = 153, so difference of Rs. 3 = interest for Rs. 75 (225-150)

So, R = 3/75 *100 = 4%
P = (SI × 100) ÷ (R×T)
= (225×100) ÷ (4×3)
= 1875

....

X purchased a house and payment terms are - Rs. 10 lac immediately and balance Rs. 7.50 lac after 2 years. The roi is 6% p.a. and to be compounded semi-annually. What is the cash value of the house?

a. 1676370
b. 1656370
c. 1666370
d. 1636570

Ans - c

Explanation :
Here,
PV of Rs. 7.50 lac = 750000 ÷ 1.03⁴ = 666370
So, total cash value = 10 lacs + 666370 = Rs. 16,66,370

....

X had to pay certain amount to z and had 2 options - a) to make payment of lump sum amount of Rs. 120000 immediately or b) to pay Rs. 150000 in 5 years @ 5% p.a. roi (half yearly compounding). Which option is more beneficial for x?

a. Option a

……

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………

b. Option b
c. Both are equal
d. None of the above

Ans - b

Explanation :
If X goes with option b, PV = 150000 ÷ 1.0255×2 = 117180 which is < 120000.
So, option b is more beneficial for X.

....

You will be receiving Rs. 204000 at the end of each year for the next 20 years. If the current discount rate for such a stream of cash is 10%, find the present value of cash flow.

a. 1736767
b. 1737667
c. 1738767
d. 1736767

Ans - d

Explanation :

Here,
Since 204000 is like EMI. So, to find P, we use the formula of EMI

EMI = P * R * [(1+R)^T/(1+R)^T-1)]
204000 = P × 0.1 × 1.1^20 ÷ (1.120 − 1)
204000 = P × 0.1174596
P = 1736767

....

You are receiving Rs. 1000 every year for the next 5 years at the beginning of the period and you invest each payment @ 5%. How much you would at the end of the 5-year period?

a. 5082
b. 5280
c. 5820
d. 5802

Ans – d
Explanation :
Apply FV formula to get the Answer = 5802

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………

Microeconomics is concerned with the behaviour of

a. Gross domestic product
b. Individual entities
c. Economy as a whole
d. None of the above

Ans - b

....

Equilibrium Price is also called......

a. Optimum Price
b. Market Clearing Price
c. Competitive Price
d. None of these

Ans - b

....

Which combination is wrong for definition of economics.

a. Alfred marshall - welfare definition
b. Lionel Robbions - Scarcity definition
c. Adam smith - wealth definition
d. Alfred marshall - wealth definition

Ans - d

....

Broad money is indicated by...

a. M1
b. M2
c. M3
d. M4

Ans - d

....

If a = 4, b = 2, independent variable = 5, then dependent variable for estimating line is

a. 6
b. 12

……

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………

c. 14
d. 18

Ans – c

Solution :
The equation we have is Y = a+bx
Here a = 4, b = 2 and independent variable = 5
Now Y = 4+2*5 = 4+10
     = 14

....

The yield on a 6-year bond is 12% while that of 4-year bond is 9%. What should be the yield on a 2-year bond beginning from now?

a. 17
b. 18
c. 19
d. 20

Ans - c
Explanation :
$(1+12\%)^6 = (1+9\%)^4 \times (1+r)^2$
R = 18%

....

Collateral is waived for loans up to Rs ...... to MSE units.

a. 1 lakh
b. 2 lakh
c. 3 lakh
d. 5 lakh

Ans - d
....

Which sector is also called tertiary sector in India?

a. Agricultural
b. Industry
c. Services
d. External

Ans – c

………

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……

If the dependent variable increases with the independent variable then the coeff. of correlation is

a. 0 to -1
b. 0 to – 0.5
c. 0 to -2
d. none of these

Ans - d

....

If sign of r is negative then it indicates

a. direct relationship between X & Y
b. indirect relationship between X & Y
c. inverse relationship between X & Y
d. b or c

Ans - d

....

The role set conflicts take which of the following Inns ...... (i) role ambiguity, (ii) role overload, (iii) role erosion

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

Ans - d

....

Who is considered as father of Modern Economics?

a. Alfred Marshall
b. Lionel Robbions
c. Adam Smith
d. None of these

Ans - c

....

Which of the following is the benchmark for pricing of securities in other markets?

a. Money Market

………

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………

b. G - Secs Market
c. Foreign Exchange Market
d. Capital Market

Ans - b

....

Credit guarantee for collateral free loans to MSE units is provided by Credit Guarantee Trust Fund administered by ......

a. RBI
b. IDBI
c. SIDBI
d. CCI (Controller of Capital Issues)

Ans - c

....

The method of least squares finds the best fit line that _____ the error between observed & estimated points on the line

a. maximizes
b. minimizes
c. reduces to zero
d. b & c

Ans - b

....

Which of the following statements are true? (i) Caring boss displays a Nurturing Parent ego state, (ii) Personality is a sum total of all that a person has learnt, (iii) We have an image of our own & our actions are consistent with that image

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

Ans - d

....

As on end of previous financial year, XYZ Bank has :
Total Advances - Rs. 80,000 Cr
ANBC (Adjusted Net Bank Credit) - Rs. 75000 Cr

………

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………

Agriculture Advances - Rs. 13500 Cr
MSE Advances - 5000 Cr
Weaker Section Advances - Rs. 8500 Cr
Total Priority Sector Advances - Rs. 29000 Cr
Answer the following based of the above information

What is the target for Agriculture Advances in terms of amount?

a. 12500
b. 13000
c. 13500
d. 14000

Ans - c

....

What is the target for MSE Advances in terms of amount?

a. 7500
b. 9000
c. 10500
d. No such target for MSE

Ans - d

....

What is the target for Weaker Section Advances in terms of amount?

a. 7500
b. 9000
c. 10500
d. 12000

Ans – a

....

What is the target for Priority Sector Advances in terms of amount?

a. 15000
b. 22500
c. 30000
d. 37500

Ans – c

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………

Purchasing and selling government bonds by RBI in the secondary market is performed under ......

a. FRBM
b. MSS
c. OMO
d. TOT

Ans - c

....

ADGP is issued by the bank not for ...... (i) Purchase of capital goods, (ii) Purchase of goods, (iii) Sale of capital goods

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

Ans - c

....

The amount of term loan installment is Rs 10000/- per month, monthly average interest on TL is Rs 5000/-. If the amount of depreciation is Rs 30000/- p.a and PAT is Rs 270000/-. What would be the DSCR?

a. 1.75
b. 2
c. 1.65
d. 1.33

Ans - b

Let me Explain

Since DSCR = (interest + PAT+ Depriciation) / (interest + instalment of TL)
Hence (5000×12 +270000+30000)/(5000×12+10000×12)
i.e 360000/180000
i.e 2

....

Which of the following are source of funds for meeting the cost of fixed assets by an enterprise? (i) Credit by supplier of assets, (ii) Debentures, (iii) DPG

a. Only (i) and (ii)

………

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………

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

Ans - a

....

LM stands for

a. Liquidity Model
b. Liquidity preference and Money supply equilibrium
c. Liquidity and Money Model
d. Liquidity and money

Ans - b

....

I S curve is derived from

a. Classical theory.
b. Keynesian liquidity preference theory of interest
c. Law of diminishing marginal utility
d. Law of equimarginal utility

Ans - a

....

This emphasizes on the pattern of (mutual) expectations.

a. Job
b. Task
c. Role
d. Work

Ans - c

....

The amount of term loan instalment is Rs 15000/- per month, Monthly average interest on TL is Rs 10000/-. If the amount of depreciation is Rs 30000/- p.a and PAT is Rs 300000/-. What would be the DSCR?

a. 1
b. 1.5
c. 2

………

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……

d. 2.5

Ans - c

Let me Explain

Since DSCR = (interest + PAT + Depriciation) / (interest + instalment of TL)
= (10000×12 + 300000 + 30000)/(10000×12 + 15000×12)
= (120000 + 330000) / (120000 + 180000)
= 450000/300000
= 1.5
....

Cash = Rs. 100000
Debtors = Rs. 200000
Inventories = Rs. 300000
Current liabilities = Rs. 200000
Total current assets = Rs. 600000
The quick ratio = ?

a. 1.5:1
b. 2.5:1
c. 2:1
d. 3:1

Ans - a

Let me Explain

Since Quick ratio = Quick asset / CL
Here Quick asset = CA - Inventory
Now CA= (Cash + Debtor.....etc) = Rs. 600000
Here inventories = 300000/-
So, Quick Assets = 600000 - 300000 = Rs. 300000
CL = Rs. 200000
Hence QR = 300000/200000
i.e 1.5:1
....

Current ratio of a unit is 3:1 and quick ratio is 1:1. The level of current assets is Rs 15 lac. What is the amount of quick asset?

a. Rs 3 lac
b. Rs 5 lac

……

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………

c. Rs 7 lac
d. Rs 9 lac

Ans - b

Let me Explain

Since CR = CA: CL
CR= CA:CL = 3:1
i.e. 15:CL= 3:1
i.e CL = 5 lac
Now QR= 1:1
Since QR= Quick asset/CL (here quick asset is CA-Inventory)
Hence QA= CL ~ 5 lac

....

A form of economy in which decisions regarding production and consumption are taken by individuals and firms is called:

a. marketing economy
b. capitalistic economy
c. command economy
d. either(a) or (b)

Ans - d
....

There are three fundamental problems of an economy. Two of these are 'what to produce' and 'how to produce'.The third problem is:

a. for whom to produce
b. choice between producing consumer good and capital goods
c. distribution of income between factors of production
d. either (a) or (c)

Ans - d
....

It is a process by which the management finds how effective it has been in hiring and placing the employees...

a. Interview
b. Reference check
c. Performance appraisal

……

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………

d. 360 degree appraisal

Ans - c

....

Who is the author of the book 'General Theory of Employment, Interest and Money'?

a. Adam Smith
b. Alfred Marshall
c. Prof. Amartya Sen
d. J.M.Keynes

Ans - d

....

Money supply refer to the amount of money:

a. with the banks
b. with banks and post offices
c. with banks post offices and primary dealers
d. in circulation in the economy

Ans - d

....

...... is a tool to increase "Self Awareness".

a. Improving analytical ability
b. Jointing Social circles / groups
c. Johari window
d. All of the above

Ans - c

....

To control employee behavior at work place as daydreaming, forgetfulness, absenteeism, tardiness, sabotage, alcoholism and drug abuse can be analysed through...

a. Through Trait theory
b. Through psychoanalytical studies
c. Through self concept theory
d. Through Social learing theory

Ans – b

……

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……

Mandatory feature of a Letter of Credit ......

a. Must have an applicant and a beneficiary
b. Should have an advising bank and a confirming bank
c. Should be confirmed to be operative
d. Must be confirmed by the reimbursing bank

Ans - a

....

Who gave wealth theory of economics?

a. Alfred marshall
b. Lionel Robbions
c. Adam smith
d. None of these

Ans - c

....

In India which is a official inflation index used for policy decisions.

a. Food inflation index
b. Consumer price index
c. Wholesale price index
d. GDP deflator

And - c

....

Shifts in Supply means

a. When changes in factors other than goods own price affect the quantity supplied.
b. When changes in goods own price affect the quantity supplied.
c. Both a. and b.
d. None of these

Ans - a

....

The balance sheet of a firm has shown total asset of Rs 20 lacs. The long term uses are Rs 11 lacs and current ratio 1.5:1. What is the amount of current liabilities ?

a. Rs 11 lacs

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……

b. Rs 9 lacs
c. Rs 7 lacs
d. Rs 6 lacs

Ans - d

....

A person wants to receive Rs. 1250 every quarter for 5 years @ 12% roi. How much he should invest now?

a. 18975
b. 18795
c. 18579
d. 18597

Ans - d

Explanation :

Here,
P = 1250
R = 12% quarterly = 3% p.a.
T = 5 yrs = 20 quarters

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

So, PV = (1250 ÷ 0.03) * (1.0320 – 1) ÷ 1.0320
= 18597

....

Sanctioned limit = Rs 3 lacs , Stocks = Rs 6 lacs, creditors = Rs 2 lacs , Mortgage of property = 50 lacs , margin = 30%. Calculate the DP.

a. 3 lacs
b. 5 lacs
c. 2 lacs
d. 4 lacs

Ans - a

....

Which of the following statements is not true regarding credit derivatives products?

a. These are used to hedge credit risk to the bank

……

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………

b. The protection buyer is the lending bank
c. The protection seller can be another bank or any other organization
d. The credit asset is transferred in case of derivatives

Ans - d

....

The amount of installment of a term loan is fixed at Rs 10000/- per month and the monthly average interest on the account is Rs 5000/-. If the amount of depreciation is Rs 30000/- p.a. and profit after tax Rs 270000/-. What is DSCR ?

a. 1.5
b. 1.75
c. 2
d. 2.5

Ans - c

....

Credit rating is a system of:

a. Measuring risk
b. Mitigating risk
c. Migrating risk
d. Credit appraisal

Ans - a

....

Human behaviour is a complex phenomenon. It is result of many factors including...... (i) biological process, (ii) psychological process, (iii)social process

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

Ans - d

....

Internal rating means -

a. Rating the project
b. Rating the promoters

……

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……

c. Rating the risk for internal use
d. None of the above

Ans - d

....

Who is considered as father of Modern Economics?

a. Alfred marshall
b. Lionel Robbions
c. Adam smith
d. None of these

Ans - c

....

In ......phase of business cycle, unemployment will be widespread.

a. Recession
b. Depression
c. Recovery
d. Boom

Ans - a

....

Economic Sector reforms were started in India in

a. 1983
b. 1985
c. 1991
d. 1981

Ans - c

....

Indices for fuel group will be announced ......

a. Daily
b. Weekly
c. Forth nightly
d. Monthly

Ans – b

……

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……

...... is a measure of level of prices of all new, domestically produced final goods and services in an economy.

a. WPI
b. GDP deflator
c. Price index
d. CPI

Ans - b

....

Which one in johari window concept of Luft and Ingham of self-awareness is also known as private?

a. Arena
b. Blind
c. Closed
d. Dark

Ans - C

....

...... was an early advocate of "Division of Labour".

a. Abraham Maslow
b. Peter F Drucker
c. Charles Babbage
d. Eric Berne

Ans – c

....

Which of the following factors do not fall in organizational factors so far the influence on behavior of an individual is concerned. (i) reward and compensation system (ii) Sex and education, (iii) perception and attitude

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

Ans - c

....

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……

A sack contains 4 black balls 5 red balls. What is probability to draw 1 black ball and 2 red balls in one draw ?

a. 12/21
b. 9/20
c. 10/21
d. 11/20

Ans – c

Solution :

Out of 9, 3 (1 black & 2 red. are expected to be drawn)

Hence sample space

n(S) = 9c3
    = 9!/(6!×3!)
    = 362880/4320
    = 84

Now out of 4 black ball 1 is expected to be drawn hence
nb. = 4c1
    = 4
Same way out of 5 red balls 2 are expected be drawn hence
n(R) = 5c2
    = 5!/(3!×2!)
    = 120/12
    = 10
Then P(B U R) = n(B)×n(R)/n(S)
i.e 4×10/84 = 10/21
....

Pick odd man out

a. Brazil
b. France
c. India
d. Russia

Ans - b

....

……

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………

Assume that you have a 6% Coupon console bond. The original face value is Rs. 1000 and the interest rate is 9%. Find the current value of this bond.

a. 567
b. 576
c. 667
d. 676

Ans - c

Explanation :

Current value of console bond
= Coupon ÷ interest rate
= 60 ÷ 0.09
= Rs. 667

....

Suppose you deposit 2000/- each year for the next three years into an account that pays 8%. How much will you have in 3 years?

a. 6492.80
b. 6758.62
c. 6521
d. 6120.52

Ans – a

Solution :

FV of annuity = $A/r \times \{(1+r)^n - 1\}$
Now FV = $2000/0.08 \times \{(1+0.08)^3 - 1\}$
i.e Rs 6492.80

....

What is the two year discounting factor at a discount rate of 10% per year ?

a. 0.826
b. 1.212
c. 1.124
d. 0.456

Ans – a

………

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……

Solution :

The formula to solve the said sum is $1/(1+r)^t$ where r = discount rate and t = period

Here r = 10 and t = 2
Discounting factor= $1/(1+0.10)^2$
  = 1/ 1.21
  = 0.826

....

Calculate Standard Error from the given data : X = 10, 20,30,40,50

a. 6.1071
b. 6.0711
c. 7.1071
d. 7.0711

Ans - d

Explanation :

Total Inputs (N) = (10,20,30,40,50)
Total Inputs (N) =5

First find Mean:
Mean (xm) = (x1+x2+x3...xn)/N
Mean (xm) = 150/5
Mean (xm) = 30

Then find SD:
SD = $\sqrt{(1/(N-1)*((x1-xm)2+(x2-xm)2+..+(xn-xm)2))}$
= $\sqrt{(1/(5-1)((10-30)2+(20-30)2+(30-30)2+(40-30)2+(50-30)2))}$
= $\sqrt{(1/4((-20)2+(-10)2+(0)2+(10)2+(20)2))}$
= $\sqrt{(1/4((400)+(100)+(0)+(100)+(400)))}$
= $\sqrt{(250)}$
= 15.811

Then Find Standard Error:
Standard Error=SD / $\sqrt{(N)}$
= 15.8114/$\sqrt{(5)}$
= 15.8114/2.2361
= 7.0711

....

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………

The standard error of the mean for a sample size of two or more is ......

a. Always greater than the standard deviation of the population
b. Generally greater than the standard deviation of the population
c. Usually , the standard deviation of the population
d. None of these

Ans - c

....

Suppose you start a rent-a-car business and want to buy an automobile. You have choice of buying the car cash down for Rs 400,000 or paying Rs. 90,000 a year for five years for the same car. What will be your choice, if the opportunity cost is 10% ?

a. Pay cash
b. Take the auto loan
c. Data insufficient to answer
d. None of these

Ans – 2

Here PV of Rs 90,000 each year for the next 5 years will be..

PV(90000,10%,5) = { 90000×(1.10^5-a. } / 0.10 ×1.1^5
   = 341171
Now as the Cash down payment is 400,000 greater than the PV of Rs. 90,000 for next 5 years (Rs. 34117a., you will prefer taking loan.
....

CPI measures prices at......

a. Wholesale Level
b. Consumer Level
c. Retail Level
d. None of these

Ans - c

....

When the price of a commodity falls from Rs. 10 per unit to Rs. 9 per unit, the quantity supplied falls by 20%. Calculate the price elasticity of supply.

a. 1
b. 1.5

………

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……

c. 2
d. 2.5

Ans - c

Solution :

Price Elasticity of Supply = (% change in quantity supplied. / (% change in price)

  = 20/(10-9)*100/10
  = 20/1*10
  = 20/10
  = 2

....

The economy in which the government does not interfere in economic decisions is called......

a. Socialistic ecomomy
b. Mixed economy
c. Market economy
d. Laissez-faire economy

Ans - d

....

Net fiscal deficit is the difference between

a. gross fiscal deficit and net interest payments
b. gross fiscal deficit and interest payments
c. gross fiscal deficit and net lending
d. None of the above

Ans - c

....

Consumption of fixed capital is synonym of ...

a. Wages
b. Depreciation
c. Rent
d. Profit

Ans - b

....

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……

We have six students say A, B, C, D, E, F participating in a quiz contest. Out of six students only two can reach to the final. What is the probability of reaching to the final of each student ?

a. 1/2
b. 2/3
c. 1/3
d. 1/6

Ans – c

Since out of 6, 2 can reach the final. Hence sample space is
n(S) = 6 c2 = 6!/(6-b.!×2! = 15
Here event of occurrence of probability of each student out of six (A B C D E F) = (AB AC AD AE AF) = n(E) = 5
Now P(E) = 5/15 = 1/3
....

An bag contains 10 black balls and 5 white balls. 2 balls are drawn from the bag one after other without replacement. What is the probability that both drawn are black ?

a. 2/7
b. 3/7
c. 4/7
d. 6/7

Ans - 2

Solution :

Let E and F denote respective events that first and second ball drawn are black.
We have to find here P(E), P(E/F) and P(E n F)

Now P(E) = P(Black in first drawn) = 10/15

Also given that the first ball is drawn i.e events E has occurred. Now there are 9 black balls and 5 white balls left in the urn. Therefore the probability that the second ball drawn is black, given that the ball first drawn is black nothing but conditional probability of F given that E has occurred already.

Hence P(E/F) = 9/14

Now by the multiplication rule of probability
P(E n F) = P(E) × P(E/F)
         = 10/15 × 9/14 = 3/7
....

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People work for a variety of reasons i.e. there are a no. of factors that motivate a person to work, which include ...... (i) money and appreciation, (ii) status, (iii) work satisfaction, self-growth

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

Ans - d

....

Xyz purchased machinery of Rs. 100000. The rate of depreciation is 10%. At wdv method, what is the amount of depreciation for 4 years?

a. 33940
b. 34390
c. 34930
d. 33490

Ans - B

Explanation :

Here,

P = 100000
R = 10%
T = 5 yrs

FV = P*(1-R)^T

So,
FV = 100000*(1-0.1)^4
= 65610

So, amount of depreciation
= 100000 – 65610
= 34390

....

A jar contains 3 red marbels, 7 green marbels and 10 white marbles. If a marble is drawn at random, What is the probability that marble drawn is white?

a. 2/5

……

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b. 1/2
c. 3/8
d. 10/13

Ans – 2

Solution :

Here Red = 3
Green = 7
White = 10
Hence total sample space is (3+7+10)= 20
Out of 20 one ball is drawn n(S) = {c(20,a.} = 20

To find the probability of occurrence of one White marble out of 10 white ball
n(R)={c(10,a.} = 10

Hence P(R) = n(R)/n(S)
= 10/20 = 1/2
....

A person wants to borrow Rs. 25000 immediately and another Rs. 20000 after a period of 2 years @ 10% interest. He wants to pay it in monthly installments for 5 years. Calculate the amount of monthly payment?

a. 879
b. 897
c. 978
d. 987

Ans - a

Explanation :

Here,

PV of 20000 for 2 years @ 10% = 20000 ÷ 1.0083324 = 16388.07
So, total amount = 25000 + 16388.07 = 41388.07
Now, T = 5 × 12 = 60 months and R = 10% p.a. = 10/1200 = 0.00833

EMI = P * R * [(1+R)^T/(1+R)^T-1)]
EMI = 41528.93 × 0.00833 × 1.0083360 ÷ (1.0083360 – 1)
= 879
....

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Factors of production used in the production are categorised into ... categories.

a. 2
b. 3
c. 4
d. 5

Ans - c

....

When pizza prices rise 40%, the quantity of pizzas supplied rises by 26%. Calculate the price elasticity of supply.

a. 0.50
b. 0.65
c. 0.75
d. 0.85

Ans - b

Solution :
Price Elasticity of Supply = (% change in quantity supplied. / (% change in price)
  = 26/40 = 0.65

....

Which of the following statements about inflation is not correct?

a. It is sustained increase in price level over a period.
b. Inflation leads to erosion in purchasing power of money
c. Inflation always has only negative effect on the economy.
d. None of the above

Ans - c

....

Unemployment of men and materials iswidespread during which phase of business cycle?

a. boom
b. recession
c. depression
d. recovery

Ans - c

....

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Mr x is to receive Rs. 10000, as interest on bonds by end of each year for 5 years @ 5% roi. Calculate the present value of the amount he is to receive.

a. 43925
b. 43295
c. 49325
d. 49235

Ans - b

Explanation :

Here,

P = 10000
R = 5% p.a.
T = 5 Y

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

PV to be received, if the amount invested at end of each year:
So,
FV = (100000÷0.05) * {(1+0.05)^5 – 1} ÷ (1+0.05)^5
= 43295

....

A company has net worth of Rs 5 lac , term liabilities are Rs 10 lac. Fixed Assets worth Rs 16 lac and current assets are Rs 25 lac. There is no intangible assets or the non current assets. Calculate it's net working capital.

a. 1 lac
b. 2 lac
c. 3 lac
d. 4 lac

Ans - a

Here Net worth = capital + reserve = 5 lac
Since capital is a kind of liability hence liability = 5 lac
Liabilities = 10+5 = 15 lac
Assets= 16+25= 41 lac
But as per balance sheet Total assets = Total liabilities
Hence liabilities must be 41 lac also

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In 41 lac (41-15= 26) i.e 26 lac will be CL
Hence NWC = CA-CL
= 1 lac

....

The value of a statistic tends towards the value of the population as size increases. What is it said to be ?

a. sufficient
b. consistent
c. efficient
d. unbiased

Ans - b

....

Mr. Raj decided to deposit Rs. 5000 every year (at end of the year) for 10 years. How much amt he will get if the interest rate of is 5% p.a.?

a. Rs.62890
b. Rs.62980
c. Rs.68920
d. Rs.69820

Ans: a

Solution :

Fv=a/r (1+r)n-1
  =5000/.05(1.05)10-1
  =62890

....

Under career path planning, at each level, the jobs which are comparable in terms of the knowledge, skill requirement can be identified and
categorized as a group. This is called as ......

a. task group
b. job families
c. work cluster
d. any of the above

Ans - b

....

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Transfer of learning to workplace take place at which level of evaluation of training ?

a. Reaction Level
b. Learning Level
c. The behavior level
d. Function level

Ans - c

....

Which label can be applied for the purpose of facilitating communication, in learning for growth of the individual not related to a specific present or future job ?

a. Training
b. Education
c. Development
d. None of the above

Ans - c

....

Who was an early advocate of "Division of labour"?

a. Fredrick tylor
b. Charles Babbage
c. Elton Mayo
d. Robert Owen

Ans - b

....

Inventory norms for various industries was prescribed by ?

a. Narshimman committee
b. Raghwan committee
c. Tandon committee
d. Chakraborty committee

Ans - c

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A person deposited Rs. 10000 in a post-office scheme @ 8% p.a. with quarterly compounding, for 2 years. What is the amount payable?

a. 17117
b. 17171
c. 11717
d. 11177

Ans - c

Explanation :

Here,

P = 10000
R = 8% quarterly = 0.02% p.a.
T = 2 Y = 8 quarters

FV = P * (1 + R)^T

So,
FV = 10000 * (1+0.02)^8
= 11717
....

In which of the situations would σ⁻x = σnotbe the correct formula for Sampling √n

a. infinite population
b. finite population with replacement
c. finite population without replacement
d. none of the above

Ans - c
....

Which theories equate man with his brain ?

a. Organismic Theories
b. Mechanistic or Behaviorist Theories
c. Cognitive Theories
d. Humanistic Theories

Ans - c
....

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A 3 year bond with par value Rs. 1000 has Coupon rate 12%. If the required rate of return is 10% and interest is payable semi - annually, find the value of the bond.

a. 1020
b. 1030
c. 1040
d. 1050

Ans - d

Explanation :

Here, interest is calculated semi-annually,
so Coupon = 1000 × 12% ÷ 2 = 60,
YTM = 10%/2 = 0.05,
T = 3 × 2 = 6 years
So, price = 1050

....

Objectives of HRM is mainly related to understand ...

a. the fundamentals of HRM.
b. Customer and Staff behaviour.
c. The comprehensive perspective of HRM & relationship with HRD.
d. The role of HR professionals & development of HR functions.

Ans - b

....

Which is true regarding functions & structure of HRM & HRD ?

a. There is no conflict between the two.
b. There is difference only in the approach and emphasis.
c. HRM is the sub-system of HRD
d. HRM deals routine functions & HRD functions emphasize on change management process.

Ans - c

....

Which theories hold that learning occurs only when learners have the 'freedom to learn' ?

a. Organismic Theories
b. Mechanistic Theories
c. Cognitive Theories:

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……

d. Behaviourist Theories

Ans - a

....

Attitude can be classified into three basic components. Which is not one among them ?

a. Emotional
b. Formal
c. Informational
d. Behavioural

Ans - B

....

Which of the following statement is not correct? (i) performance appraisal and potential appraisal are the same system, (ii) performance appraisal is to know the future performance, (iii) potential appraisal is to understand the potential of the employee to contribute to growth of organization

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

Ans - a

....

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

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

Ans - c

....

A market economy is one

a. In which individuals and private firms make the major decisions about production and consumption.
b. In which the government makes all important decisions about production and distribution.

……

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c. Both a and b
d. None of these

Ans - a

....

The technique of production where machinery is used more than human force is called...

a. Technology intensive
b. Labour intensive
c. Capital intensive
d. either a or c

Ans - c

....

In demand curve, quantity and prices are.......related.

a. Directly
b. Inversely
c. Indirectly
d. Market

Ans - b

....

Price Index used in India to calculate inflation for policy formulation is

a. Consumer price index
b. GDP deflator
c. Wholesale price index
d. Retail price index

Ans - c. Wholesale price index

....

In India, consumer price index released by......

a. Ministry of commerce
b. Ministry of Finance
c. Ministry of labour and employment
d. Ministry of Agriculture

Ans – c

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The relationship between the shape of the population distribution and the shape of the sampling distribution of the mean is called Central Limit Theorem. This theorem ......

a. assures that sampling distribution of the mean approaches normal as the sample size increases.
b. permits us to use sample statistics to make inferences about population parameters without knowing anything about the shape of the frequency distribution of that population.
c. tells that the distribution of sample mean tends to be a normal distribution.
d. all of these

Ans - d

....

Select the incorrect statement:

a. As the standard error decreases, the value of any sample mean will be closer to the value of the population mean.
b. Decreasing standard error increases the precision with which the sample mean can be used to estimate the populations mean.
c. Sampling more items will increase the standard error.
d. all are incorrect

Ans - c

....

What is sampling for groups with considerable variation within but similar to each other called ?

a. cluster
b. stratified
c. systematic
d. random

Ans - a

....

The finite population multiplier is square root of (N-n) / (N-1), where N is the size of the population and n is the size of the sample. This multiplier need not be used when the sampling fraction (n/N) is ......

a. equal to 1
b. less than 0.5
c. less than 0.05
d. more than 1

Ans - c

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Which of the following statements are correct? (i) the remuneration to managerial position is referred to as salary - true, (ii) A wages, salary and remuneration mean the same thing – false, (iii) where the reward is linked to the performance, it helps in improvement of motivation level of employees – true

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

Ans - c

....

A portion of the elements in a population chosen for direct examination or measurement is a ......

a. sample
b. strata
c. population
d. parameter

Ans - a

....

A sampling distribution of the proportion is a probability distribution of the ......

a. stratified sampling
b. sampling fraction
c. sample proportion
d. standard deviation

Ans - c

....

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

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

Ans - c

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The seasonal changes are always ......

a. periodic but not regular
b. not periodic
c. periodic and regular
d. none of the above

Ans - c

....

Which is the feature of prosperity ? (i) inflation, (ii) optimism, (iii) high profits

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

Ans - d

....

Given,

Recoveries of loan and advance - Rs. 2000 Crores
Misc capital receipt   - Rs. 500 Crores
Market loans   - Rs. 500 Crores
Short term borrowings   - Rs. 1000 Crores
External assistance (Net)   - Rs. 300 Crores
State provident fund   - Rs. 400 Crores
Other receipts (Net)   - Rs. 1000 Crores
Securities issued against small savings - Rs. 500 Crores
Recoveries of short term loans and advances from states and loans to govt servants - Rs. 800 Crores
Total Non Tax Revenue   - Rs. 4000 Crores
Net Tax Revenue   - Rs. 1500 Crores
Draw down cash balance   - Rs. 3000 Crores

Calculate Capital Receipt ...

a. Rs 3700 Crores
b. Rs 4200 Crores
c. Rs 4700 Crores
d. Rs 5400 Crores

Ans - d

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Solution :
Capital Receipt = Non Debt Receipt + Debt Receipt
Let us first calculate Non Debt Receipt,

Non Debt Receipt = Recoveries of loan & advances (duduct recoveries of short term loans & advance
from state and loans to govt sarvants) + MISC Capital receipts
      = 2000-800+500
      = 1700 Crores

Now, let us calculate Debt receipt,
Debt Receipt = Market Loans + Short Term Borrowings + External assistance(NET) + Securities issued
against Small savings + State provident fund + other Receipts(Net)
      = 500 + 1000 + 300 + 500 + 400 + 1000
      = 3700 Crores

Capital Receipt = Non Debt Receipt + Debt Receipt
      = 1700 + 3700
      = 5400 Crores
....

Case Study

A firm has Capital of Rs. 200, Reserve Rs. 230 Term Loan of Rs. 180, Advance from customers Rs. 40,
sundry creditor Rs. 100, Bank CC limit balance Rs. 400, Fixed Assets Rs. 300, Preliminary expenses Rs. 80,
Debit balance of profit and loss account balance Rs. 30, advance tax paid Rs. 20, cash on hand Rs. 20,
Stock Rs. 400 and sundry creditor Rs. 300. on the basis of the above information:

01. Tangible Net worth of the firm

a. Rs. 430
b. Rs. 200
c. Rs. 350
d. Rs. 320

Ans - d

Solution
Tangible Networth= Networth-inttengible assets
Capital+reserve-(preliminary expeses+p&L debit balance)
= 200+230-(80+30)
= 430-110
= 320
....

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02. in the above problem, the current ration would be ......

a. 1.25:1
b. 1.28:1
c. 1.33:1
d. 1.37:1

Ans - d

Solution
Current Ratio=Current Assets / Current Liabilities
CA=(20+20+400+300)=740
CL=(40+100+400)=540
= 740/540
= 1.37:1
....

03. in the above problem, the total outside liabilities to tangible netwoth ......

a. 1:1
b. 1.8:1
c. 2.1:1
d. 2.25:1

Ans - d

Solution

Total outsiders liabilities/Tangible networth
=720/320
=2.25:1
....

04. if the sales are Rs. 2000, stock turnover Ratio is ......

a. 5 times
b. 6 times
c. 3 times
d. 2 times

Ans - a

Solution

……

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Stock turn over ratio= Sales/stock
=2000/400
=5 times

....

05. if the sales are Rs. 3000, the debt collection period and debit turnover ratio would be ......

a. 1 month and 12 times
b. 1.2 month and 10 times
c. 1.5 month and 8 times
d. 2 month and 6 times

Ans - b

Solution
Debt Collection period = No. days or months or Weeks in a year/Debt Turnover Ratio.
12 month in year
=12/10
= 1.2

Debtors Turnover Ratio = Net Credit Sales / Average Debtors.
=3000/300
=10 times
1.2 month and 10 times

....

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Important Formulas

Some of these Formulas may not be applicable for ABM, but I request all of you to go through all of them to understand the concepts clear for both ABM and BFM.

1. Raw material Turnover Ratio = Cost of RM used / Average stock of R M

2. SIP Turnover = Cost of Goods manufactured / Average stock of SIP

3. Debt Collection period = No. days or months or Weeks in a year/Debt Turnover Ratio.

4. Average Payment Period   = No. days or months or Weeks in a year/Creditors Turnover Ratio.

5. Inventory Turnover Ratio = Cost of Goods Sold / Average Inventory.

6. Debtors Turnover Ratio = Net Credit Sales / Average Debtors.

7. Creditors Turnover Ratio = Net Credit Purchases / Average Credits.

8. Defensive Interval Ratio = Liquid Assets / Projected Daily Cash Requirement

9. Projected daily cash requirement = Projected operating cash expenses / 365.

10. Debt Equity Ratio = Long Term Debt / Equity.

11. Debt Equity Ratio = Total outside Liability / Tangible Net Worth.

12. Debt to Total Capital Ratio = Total Debts or Total Assets/(Permanent Capital + Current Liabilities)

13. Interest Coverage Ratio = EBIT / Interest.

14. Dividend Coverage Ratio = N. P. after Interest & Tax / Preferential dividend

15. Gross Profit Margin = Gross Profit / Net Sales * 100

16. Net Profit Margin = Net Profit / Net Sales * 100

17. Cost of Goods Sold Ratio = Cost of Goods Sold / Net Sales * 100.

18. Operating Profit Ratio = Earnings Before Interest Tax / Net Sales * 100

19. Expenses Ratio or Operating Ratio = Expenses / Net Sales * 100

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20. Net Profit Ratio = Net Profit After interest and Tax / Net Sales * 100

21. Operating Expenses Ratio = (Administrative + Selling expenses) / Net Sales   * 100

22. Administrative Expenses Ratio =(Administrative Expenses / Net Sales) * 100

23. Selling Expenses Ratio =(Selling Expenses / Net Sales) * 100

24. Financial Expenses Ratio = (Financial Expenses / Net Sales) * 100

25. Return on Assets = Net Profit After Tax / Total Assets.

26. Total Assets = Net Fixed Assets + Net Working Capital.

27. Net Fixed Assets = Total Fixed Assets – Accumulated Depreciation.

28. Net Working Capital = (CA –CL) – (Intangible Assets + Fictitious Assets + Idle Stock + Bad Debts)

29. Return on Capital Employed = Net Profit Before Interest and Tax / Average Capital Employed.

30. Average Capital employed = Equity Capital + Long Term Funds provided by Owners & Creditors at the beginning & at the end of the accounting period divided by two.

31. Return on Ordinary Share Holders Equity = (NPAT – Preferential Dividends) / Average Ordinary Share Holders Equity or Net Worth.

32. Earnings Per Share = Net Profit After Taxes and Preferential dividends / Number of Equity Share.

33. Dividend per Share = Net Profit After Taxes and distributable dividend / Number of Equity Shares.

34. Dividend Pay Out Ratio = Dividend per Equity Share / Earnings per Equity Share.

35. Dividend Pay Out Ratio = Dividend paid to Equity Share holders / Net Profit available for Equity Share Holders.

36. Price Earning Ratio = Market Price per equity Share / Earning per Share.

37. Total Asset Turnover = Cost of Goods Sold / Average Total Assets.

38. Fixed Asset Turnover = Cost of Goods Sold / Average Fixed Assets.

39. Capital Turnover = Cost of Goods Sold / Average Capital employed.

40. Current Asset Turnover = Cost of Goods Sold / Average Current Assets.

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41. Working Capital Turnover = Cost of Goods Sold / Net Working Capital.

42. Return on Net Worth = (Net Profit / Net Worth) * 100

43. DSCR = Profit after Tax & Depreciation + Int. on T L & Differed Credit + Lease Rentals if any divided by Repayment of Interest & Installments on T L & Differed Credits + Lease Rentals if any.

44. Factory Cost = Prime cost + Production Overheads.

45. Cost of Goods Sold = Factory Cost + Selling, distribution & administrative overheads

46. Contribution = Sales – Marginal Costs.

47. Percentage of contribution to sales = (Contribution / Sales) * 100

48. Break Even Analysis = F / (1 – VC / S)
    F = Fixed costs, VC = Total variable operating costs & S = Total sales revenue

49. Break Even Margin or Margin of Safety = Sales – Break Even Point / Sales.

50. Cash Break Even = F – N / P – R or F – N / 1 – (VC / S)

51. BEP = Fixed Costs / Contribution per unit.

52. Sales volume requires = Fixed cost + Required profit / Contribution per unit.

53. BEP in Sales = (Fixed Costs / Contribution per unit) * Price per unit.

54. Contribution Sales Ratio = (Contribution per unit / Sale price per unit) * 100

55. Level of sales to result in target profit after Tax = (Target Profit) / (1 – Tax rate / Contribution per unit)

56. Level of sales to result in target profit = (Fixed Cost + Target profit) * sales price per unit Contribution per unit.

57. Net Present Value = - Co + C1 / (1 + r)

58. Future expected value of a present cash flow = Cash Flow (1 + r) ^ t

59. Present value of a simple future cash flow = Cash Flow / (1 + r) ^ t

60. The Discount Factor = 1 / (1 + r) ^ t

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61. Notation used internationally for PV of an annuity is PV (A, r, n)

62. Notation used internationally for FV of an annuity is FV (A, r, n)

63. The effective annual rate = (1 + r) ^ t – 1 or (1 + (r / N)) – 1)
    N = Number of times compounding in a year

64. PV of end of period Annuity = A { (1- (1 / (1+r) ^ n) / r

65. CR = CA : CL

66. Net Worth = CA - CL

67. DER = TL/TNW or debt/equity or TL/equity

68. Price Elasticity of Supply = (% change in quantity supplied/(% change in price)

69. PV = P / R * [(1+R)^T - 1]/(1+R)^T

70. PV = P / (1+R)^T

71. FV = P * (1 + R)^T

72. FV = P*(1-R)^T

73. FV = P / R * [(1+R)^T - 1]

74. FV = P / R * [(1+R)^T - 1] * (1+R)

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

76. FV of annuity = A/r ×{(1+r)^n-1}

77. Bond Price = (1/(1+R)^t)((coupon*((1+R)^t-1)/R)+Face Value)

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Though we had taken enough care to go through the questions, we request everyone to update yourself with the latest information through RBI website and other authenticated sources. In case you find any incorrect/doubtful information, kindly update us also (along with the source link/reference for the correct information).

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