



**BOARD OF STUDIES**  
**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**  
**COMMON PROFICIENCY TEST**  
**Model Test Paper – BOS/CPT-8 / 2007**

*Time : 4 hours*

*Maximum Marks : 200*

*The test is divided into four sections.*

**SECTION – A : FUNDAMENTALS OF ACCOUNTING (60 MARKS)**

**PART-I**

1. Loss leads to reduction in:
  - (a) Liability
  - (b) Capital
  - (c) Income
  - (d) None of the three
2. Financial position of the business is ascertained on the basis of :
  - (a) Records prepared under bookkeeping process
  - (b) Trial balance
  - (c) Accounting report
  - (d) None of the above.
3. The determination of expenses for an accounting period is based on the principle of:
  - (a) Objectivity
  - (b) Materiality
  - (c) Matching
  - (d) Periodicity

4. Rent payable to the landlord Rs. 5,000.00 is credited to
  - (a) Cash account
  - (b) Landlord account
  - (c) Rent account
  - (d) None of the above
5. Bad debts entry is passed in
  - (a) Sales book
  - (b) Cash book
  - (c) Journal book
  - (d) None of the these
6. Goods were sold on credit basis to XY Bros. for RS. 1,000. This will be recorded in
  - (a) Cash book
  - (b) Journal proper
  - (c) Bills receivable book
  - (d) Sales book
7. Compensation paid to retrenched employee is:
  - (a) Capital expenditure
  - (b) Revenue expenditure
  - (c) Deferred revenue expenditure
  - (d) Capital loss
8. Petty expenses paid in cash are recorded in:
  - (a) Purchase book
  - (b) Sales book
  - (c) Petty cash book
  - (d) Purchase return book
9. On April 1, 2005, a bill was drawn for two months. The due date of payment will fall on:
  - (a) June 1, 2005
  - (b) June 4, 2005
  - (c) June 5, 2005
  - (d) None of the above.
10. Current assets does not include:
  - (a) Cash

- (b) Stock
- (c) Debtors
- (d) Furniture & Fittings

**PART-II**

11. Rs. 5000.00 spent on maintenance of plant and machinery is:
  - (a) Revenue expenditure
  - (b) Capital expenditure
  - (c) Deferred capital expenditure
  - (d) None of the three above
12. Closing stock in trial balance is recorded in
  - (a) Trading account
  - (b) Profit & Loss account
  - (c) Balance Sheet assets side
  - (d) None of the three
13. Interest on capital will be paid to partners if provided for in the agreement but only from
  - (a) Profit
  - (b) Reserves
  - (c) Accumulated profit
  - (d) Goodwill
14. At the time of death of a partner, firm gets \_\_\_\_\_ from the insurance company against the joint life policy taken jointly for all the partners
  - (a) Policy amount
  - (b) Surrender value
  - (c) Policy value for the death partner & surrender value for the rest
  - (d) Surrender value for all the partners
15. Revaluation account is prepared at the time of \_\_\_\_\_
  - (a) Admission of a partner
  - (b) Retirement of a partner
  - (c) Both (a) and (b)
  - (d) None of the three
16. While preparing a Bank Reconciliation Statement, if you start with overdraft as per Cash Book, then interest debited in pass book but not yet in cash book with in the period is
  - (a) Added

- (b) Deducted
  - (c) Not required to be adjusted
  - (d) None of the above
17. Stock is \_\_\_\_\_
- (a) Fixed assets
  - (b) Current assets
  - (c) Investments
  - (d) Intangible fixed assets
18. As per section 37 of Indian Partnership Act, 1932 the executors would be entitled as their choice to the interest calculated from date of death till the date of payment as the final amount due to the dead partner at \_\_\_\_\_ percentage per annum.
- (a) 7
  - (b) 4
  - (c) 6
  - (d) 12
19. Fluctuating capital account is credited with
- (a) Interest on capital
  - (b) Profit of the year
  - (c) Remuneration to the partners
  - (d) All of the above
20. If the incoming partner brings any additional amount in cash other than his capital contribution then it is termed as \_\_\_\_\_
- (a) Capital
  - (b) Reserves
  - (c) Profit
  - (d) Premium for goodwill

**PART-III**

21. A businessman purchased goods Rs. 25,00,000 and sold 70% of such goods during the accounting year ended 31<sup>st</sup> March, 2005 the market value of the remaining goods was Rs. 5,00,000.00. He valued the closing stock at Rs. 5,00,000.00 and not Rs. 7,50,000.00 due to
- (a) Money measurement
  - (b) Cost
  - (c) Conservatism

(d) Periodicity

22. A machine was purchased for Rs. 1,00,000.00 on 01.01.2006 and on 31.12.2006 its net realizable value was Rs. 1,50,000.00. Do you prefer to count this profit? If you count which of the following concepts will be violated.

- (a) Realisation
- (b) Conservatism
- (c) Accrual
- (d) Matching

**PART-IV**

23. The plant and machinery account of a firm had a debit balance of Rs. 1,45,800.00 on January 1, 2006. It was purchased on January 1, 2003. Firm has been following the practice of charging full years depreciation every year @ 10% on diminishing balance. The cost of machinery in 2003 will be:

- (a) Rs. 2,00,000.00
- (b) Rs. 2,25,000.00
- (c) Rs. 1,90,000.00
- (d) Rs. 2,50,000.00

24.	<i>Rs.</i>		<i>Rs.</i>
Opening Stock	80,000.00	Purchases returns	6,000.00
Cash purchases	1,00,000.00	Sales returns	10,000.00
Credit purchases	2,00,000.00	Carriage inwards	12,000.00
Cash sales	1,60,000.00	Wages	12,000.00
Credit sales	2,50,000.00	Closing stock	60,000.00

Gross profit of the firm will be

- (a) Rs. 62,000.00
  - (b) Rs. 75,000.00
  - (c) Rs. 80,000.00
  - (d) Rs. 60,000.00
25. Mohan started business with Rs. 10,000.00 cash and Rs. 2,000.00 furniture. Sales amounted to Rs. 50,000.00 including Rs. 5,000.00 cash sales. Rs. 10,000.00 sales were outstanding at the end of the year. Purchase amounted to Rs. 30,000.00 including Rs. 10,000.00 cash purchases Rs. 15,000.00 has been paid to creditors. Expenses paid during the year 19,300. Trial Balance total will be -
- (a) Rs. 67,000.00
  - (b) Rs. 70,000.00

- (c) Rs. 75,000.00  
(d) Rs. 80,000.00
26. A cheque of Rs. 750 received for loss of stock by fire had been deposited in proprietor's private bank account. The rectifying journal entry will be:
- (a) Capital A/c Dr. 750.00  
To Loss of Stock 750.00
- (b) Loss of Stock Dr. 750.00  
To Bank A/c 750.00
- (c) Bank A/c Dr. 750.00  
To cash 750.00
- (d) None of the above
27. A purchased a computer costing Rs. 10,000.00 repairing expenses Rs. 1,000.00 and miscellaneous expenses Rs. 500.00. He sold the computer at 20% margin on selling price. The sale value will be:
- (a) Rs. 12,500.00  
(b) Rs. 11,000.00  
(c) Rs. 15,000.00  
(d) Rs. 14,375.00
28. According to table A of the companies Act, Interest on calls in arrears is charged
- (a) @ 4%  
(b) @ 5%  
(c) @ 6%  
(d) None of these
29. A company can issue redeemable preference shares
- (a) At par  
(b) At premium  
(c) At discount  
(d) All of the three
30. A second hand car is purchased for Rs. 10,000.00 the amount of Rs. 1,000.00 is spent on its repairs, Rs. 500.00 is incurred to get the car registered in owner's name and Rs. 1200.00 is paid as dealer's commission. The amount debited to car amount will be:
- (a) Rs. 10,000.00  
(b) Rs. 10,500.00  
(c) Rs. 11,500.00

(d) Rs. 12,700.00

31. Mr. Ram is a partner in a firm. He made drawings as follows:

July 1	200.00
August 1	200.00
September	300.00
November 1	50.00
February 1	100.00

If the rate of interest on drawings is 6% and accounts are closed on March, 31, the interest on drawings is:

- (a) Rs. 29.75  
(b) Rs. 35.00  
(c) Rs. 30.00  
(d) Rs. 40.00
32. A started business on Jan 1 with a capital of Rs. 40,000. On 31<sup>st</sup> Dec. his position was Creditors Rs. 4700, machinery Rs. 40,000, furniture Rs. 2,000, Debtors Rs. 1300, Cash Rs. 15,000.
- He made drawings @ Rs. 200 per month and Rs. 1000 which he brought on 1<sup>st</sup> Oct. in the business as further capital. Business profit will be
- (a) 15,000  
(b) 16,000  
(c) 14,000  
(d) 17,000
33. In a joint venture between A and B, A spent Rs. 3,000 on freight and also raised a loan from Bank of Rs. 50,000 at 18% P.A. repayable after one month B spend Rs. 5,000 as selling expenses and he also raised a loan from Bank of Rs. 150,000 at 18% repayable after two months. The total expenses of Joint Venture will be:
- (a) 8,000  
(b) 8,500  
(c) 9,500  
(d) 13,250
34. A boiler was purchased from abroad for Rs. 10,000. Shipping and forwarding charges amounted to Rs. 2,000. Import duty paid Rs. 7,000 and expenses of installation amounted to Rs. 1,000. Amount debited to boiler A/c will be
- (a) 10,000  
(b) 12,000

- (c) 19,000  
(d) 20,000
35. A of Kanpur consigned 300 calculators costing Rs. 250 each to B of Faridabad. He paid carriage and freight Rs. 1500 and transit insurance Rs. 900.00  
A incurred the following expenses:
- |                   |         |
|-------------------|---------|
| Unloading charges | Rs. 400 |
| Octroi            | Rs. 600 |
| Carriage          | Rs. 800 |
| Godown rent       | Rs. 500 |
| Selling expenses  | Rs. 320 |
- 200 calculators were sold @ Rs. 420 each. Value of closing stock will be -
- (a) Rs. 26,400  
(b) Rs. 26,000  
(c) Rs. 25,000  
(d) Rs. 27,000
36. The original cost of furniture is amounted to Rs. 80,000. It is decided to write off 10% on the diminishing balance of the asset each year. Balance of furniture account at the end of the fourth year will be:
- (a) 52488  
(b) 52000  
(c) 50000  
(d) 55000
37. Mohan consigned 50 cases at Rs. 350 each to B of Varanasi to sell it on consignment basis. Consignor paid Rs. 1,800 for freight and insurance. All the cases were sold for Rs. 28,000. Selling expenses paid by agent Rs. 900 and their commission to Rs. 1,000. Consignment profit will be
- (a) 7,000  
(b) 6,800  
(c) 8,000  
(d) None of the above
38. In the bank reconciliation statement when balance as per cash book is taken as the starting point then Bank charges debited by Bank Rs. 10, cheques paid in but dishonoured Rs. 200 and cheques paid in but not credited by bank in 950 will be –
- (a) Added  
(b) Subtracted



- (c) Ignored
  - (d) None of the three
39. Goods costing Rs. 7500 were sold at 25% profit on selling price. The amount of sales will be
- (a) 8,000
  - (b) 10,000
  - (c) 9,000
  - (d) 11,000
40. A bill is drawn on 28 March, 2006 for one month after sight. Date of acceptance is 2<sup>nd</sup> April, 2006. The due date of the bill will be
- (a) 1<sup>st</sup> March 2006
  - (b) 28<sup>th</sup> April 2006
  - (c) 5<sup>th</sup> May 2006
  - (d) 2<sup>nd</sup> May 2006
41. Interest Rs. 3,000 received on debenture redemption fund investment will be:
- (a) Credited to profit and loss A/c
  - (b) Credited to debenture redemption fund A/c
  - (c) Credited to profit and loss appropriation A/c
  - (d) None of the above.
42. A and B are partners sharing profits in the ratio of 3:2. C is admitted as a new partner the new profit sharing ratio among A.B. and C is 5:3:2. Sacrificing ratio will be
- (a) 1:1
  - (b) 2:1
  - (c) 1:3
  - (d) None of the three
43. A, B and C were in partnership. Sharing profits in the ratio of 4:2:1 respectively. A guaranteed that in no case C's share in profit should be less than Rs. 7,500. Profits for the year 2006 amounted to Rs. 31,500. A will get
- (a) 15,000
  - (b) 18,000
  - (c) 16,000
  - (d) None of the three
44. A and B are partners sharing in the ratio of 3:2. C is admitted for 1/5<sup>th</sup> share and brings Rs. 15,000 as capital and necessary amount for his share of goodwill. The goodwill of the

- entire firm is valued Rs. at 60,000. Goodwill brought by C will be
- (a) Rs. 12,000
  - (b) Rs. 10,000
  - (c) Rs. 15,000
  - (d) None of the three
45. The firm earns a profit of Rs. 20,000 and has invested capital amounting to Rs. 150,000. In the same class of business normal rate of earning is 10%. Goodwill according to capitalization method will be
- (a) Rs. 40,000
  - (b) Rs. 50,000
  - (c) Rs. 60,000
  - (d) None of the three
46. Credit purchase of stationery worth Rs. 10,000 by a stationery dealer will be recorded in
- (a) Purchases book
  - (b) Sales book
  - (c) Cash book
  - (d) None of the three
47. Debentures issued as collateral security is
- (a) Added in the total of liabilities
  - (b) Added in the total of assets
  - (c) Both A and B
  - (d) None of the three
48. Premium on redemption of debentures is recorded on the liability side under the heading.
- (a) Secured loan
  - (b) Unsecured loan
  - (c) Current liabilities and provisions
  - (d) Name of the three
49. A company issues 100 debentures of Rs. 1000 each at 97 per cent. These are repayable out of profits by equal annual drawings over 5 years. Discount on issue of debentures will be written off in the ratio
- (a) 5:4:3:2:1
  - (b) 4:3:2:1:1
  - (c) 3:3:4:2:1:1
  - (d) None of the three

50. Returns of cash sales is recorded in
- Sales return book
  - Cash book
  - Journal proper
  - None of the three
51. Share premium is recorded in
- Profit & Loss account
  - Profit & Loss appropriation account
  - Balance sheet
  - None of the above
52. V.K. Ltd. Forfeited 20 shares of Rs. 100 each (Rs. 60 called up) issued at par to Mohan on which he had paid Rs. 20 per share. Out of these 15 shares were reissued to Sohan as Rs. 60 paid up for Rs. 45 per share. Amount transferred to capital reserve will be
- Rs. 100
  - Rs. 75
  - Rs. 200
  - Rs. 80
53. Z Ltd. Purchased plant and machinery for Rs. 2,00,000 payable as to Rs. 65,000.00 in cash and the balance by an issue of 6% debentures of Rs. 1,000 each at a discount of 10%. Discount amount will be
- Rs. 10,000
  - Rs. 15,000
  - Rs. 12,000
  - None of the three
54. A company issued Rs. 1,00,000 15%, debentures as a discount of 5%, redeemable after 10 years at a premium of 10%. Loss on issue of debentures will be
- 10,000
  - 15,000
  - 12,000
  - None of the three
55. Opening debtors 20,000  
 Total sales 90,000  
 Cash sales 20,000  
 Cash received from debtors 20,000

Bad debts	3,000
Return inward	1,000
Bills received from customers	10,000

Debtors at end will be

- (a) 56,000
  - (b) 70,000
  - (c) 60,000
  - (d) 65,000
56. Goods costing Rs. 10,00,000 sent out to consignee at cost + 25%. Invoice value of goods will be
- (a) 10,00,000
  - (b) 12,50,000
  - (c) 12,00,000
  - (d) 12,25,000
57. 2000 shares of Rs. 100 each were issued to a promoters of the company for their legal services, rendered in the formation of the company. For this, company credited share capital A/c and debited.
- (a) Goodwill A/c by Rs. 2,00,000
  - (b) Legal Services A/c by Rs. 2,00,000
  - (c) Formation expenses A/c Rs. 2,00,000
  - (d) Promoters expenses A/c Rs. 2,00,000
58. X Y Z and Company employs a team of ten workers who were paid Rs. 1000 each in the year ending Dec. 31, 2005. At the start of the year 2006 company raised salaries by 20%. The amount of salaries for the year ended 31<sup>st</sup> Dec. 2006, will be
- (a) 11,000
  - (b) 10,000
  - (c) 12,000
  - (d) 13,000
59. Machinery costing Rs. 10,00,000 was purchased on 01.04.2006. The installation charges amounting Rs. 100,000 were incurred. The depreciation at 20% P.A. on straight time method for the year ended 31<sup>st</sup> March 2007 will be
- (a) 2,20,000
  - (b) 2,00,000
  - (c) 2,10,000

- (d) None of the above
60. Original cost Rs. 1,26,000, Salvage value – nil, Useful life- 6 years .  
Depreciation for the fourth year under sum of digits method will be
- (a) Rs. 18,000
  - (b) Rs. 6,000
  - (c) Rs. 12,000
  - (d) Nil

**SECTION – B : MERCANTILE LAWS (40 MARKS)**

**PART – I**

61. The Indian Contract Act came into force on
- (a) First Sept, 1872
  - (b) 23<sup>rd</sup> Nov., 1872
  - (c) 26<sup>th</sup> Sept., 1872
  - (d) 3<sup>rd</sup> Nov., 1872
62. The contract is defined in section -
- (a) 2 (e)
  - (b) 2 (h)
  - (c) 2 (b)
  - (d) 2 (a)
63. An agreement enforceable by law is a
- (a) Contract
  - (b) Obligation
  - (c) Offer
  - (d) Promise
64. Proposal when accepted becomes -
- (a) Acceptance
  - (b) Agreement
  - (c) Promise
  - (d) Lawful Promise
65. Agreement is a -
- (a) Set of reciprocal promises
  - (b) Acceptance of a proposal
  - (c) Contract
  - (d) Promise
66. Which of the following is true
- (a) All agreements are contract
  - (b) All contracts are agreement
  - (c) All promises are agreement
  - (d) Set of promises are contracts
67. Existing goods are such goods as are in existence -
- (a) At the time of contract of sale

- (b) Before the time of contract of sale
  - (c) After the time of contract of sale
  - (d) All of these
68. Future goods means goods to be manufactured or acquired by the seller
- (a) Before making the contract of sale
  - (b) At the time of contract of sale
  - (c) After making the contract of sale
  - (d) All of these
69. Which of the following is true, delivery means -
- (a) Compulsory transfer of possession by one person to another person
  - (b) Voluntary transfer of possession by one person to another
  - (c) Mere person to of possession by one person to another person
  - (d) All of these
70. Which one is the example of document of title to goods -
- (a) Bill of lading
  - (b) Dock-warrant
  - (c) Railway – Receipt
  - (d) All of these
71. The merchantile agents include
- (a) Auctioneers
  - (b) Factors
  - (c) Brokers
  - (d) All of these
72. Insolvent means
- (a) A person when he ceases to pay his debts in ordinary ease of business
  - (b) A person when he accepts to pay his debts before due date
  - (c) A person when he accepts to pay his debts as they become due
  - (d) All of these
73. Partnership is the relation
- (a) Between persons
  - (b) Between firms
  - (c) Between companies
  - (d) Among numberless persons

74. The term business includes -
- (a) Every trade
  - (b) Every occupation
  - (c) Every profession
  - (d) All of these
75. Which is true statement regarding the including of the minor in partnership firm?
- (a) A minor may be admitted to the benefits of partnership with the consent of all other partners
  - (b) A minor may be admitted to the benefits of partnership with no consent of other partners
  - (c) A minor may be admitted to the benefits of the consent of his partners
  - (d) A minor may be admitted to the benefits of partnership with the guarantee of his parents
76. Which is correct ?
- (a) All the essential elements of a valid contract must be present in partnership agreement
  - (b) No need of essential elements of a valid contract in a partnership contract
  - (c) Only consideration should be present in partnership agreement
  - (d) All of these
77. Which is odd in case of who may be partners?
- (a) Married woman
  - (b) A competent person
  - (c) An old man of 60 years
  - (d) A registered company
78. Who can enter into a contract of partnership ?
- (a) Alien enemy
  - (b) Person of unsound mind
  - (c) A business firm
  - (d) A member of registered company
79. A Joint Hindu Family arises
- (a) From status decided by court
  - (b) As a result of an agreement
  - (c) By operation of law
  - (d) All of these



**PART – II**

80. A voidable agreement is -
- (a) Valid but not enforceable
  - (b) enforceable at the option of one party
  - (c) Enforceable at the option of both the parties
  - (d) Not enforceable in court
81. A void agreement is -
- (a) Illegal contract
  - (b) Not enforceable by law
  - (c) Enforceable at the option by both the parties
  - (d) Enforceable at the option of one party
82. An offer to be valid must
- (a) Be communicated to the person to whom it is made
  - (b) Be communicated to the third party
  - (c) Be communicated to the promisor
  - (d) Be communicated to the promisee
83. A valid offer must be \_\_\_\_\_
- (a) Capable of creating legal relation
  - (b) Capable of creating social relation
  - (c) Capable of creating business relation
  - (d) Capable of creating social and business relation
84. An acceptance must be \_\_\_\_\_
- (a) Absolute and unqualified
  - (b) Conditional
  - (c) Unconditional
  - (d) Liable to be accepted by law
85. An offer may lapse by \_\_\_\_\_.
- (a) Counter offer
  - (b) Revocation
  - (c) Rejection of offer by offeree
  - (d) All of these
86. An agreement entered into by a minor's \_\_\_\_\_
- (a) Altogether void
  - (b) Voidable
  - (c) Illegal

- (d) None of these
- 87. Consequences of coercion, fraud, misrepresentation makes the contract
  - (a) Void
  - (b) Voidable
  - (c) Illegal
  - (d) None of these
- 88. The term consideration is defined in section -
  - (a) 2 (a)
  - (b) 2 (g)
  - (c) 2 (h)
  - (d) 2 (d)
- 89. Caveat Emptor means \_\_\_\_\_
  - (a) Let the buyer beware
  - (b) let the seller beware
  - (c) let the buyer and seller both beware
  - (d) None of these
- 90. Express contract means \_\_\_\_\_
  - (a) Which is made by words either spoken or written
  - (b) Which is made by deeds
  - (c) Which is made by both words and deeds
  - (d) Which is made by promises
- 91. A valid offer must be \_\_\_\_\_
  - (a) Capable by creating legal relation
  - (b) Capable of creating social relation
  - (c) Capable of creating business relation
  - (d) Capable of creating social and business relation
- 92. Consideration must move at the desire of \_\_\_\_\_
  - (a) promisor
  - (b) promisee
  - (c) any other person
  - (d) any of these
- 93. Quantum meruit literally means
  - (a) As much as is earned
  - (b) According to the value of work done

- (c) As much as no work done
  - (d) None of these
94. Existing goods are such goods as are in existence \_\_\_\_\_
- (a) At the time of contract of sale
  - (b) Before the time of contract of sale
  - (c) After the time of contract of sale
  - (d) All of these
95. Contract for the sale of "future goods" is
- (a) Sale
  - (b) Agreement to sale
  - (c) Void
  - (d) Auction sale
96. The property in goods means
- (a) Passing of goods
  - (b) Custody of goods
  - (c) Ownership of goods
  - (d) Both (a) and (b)
97. The right of stoppage can be exercised by unpaid seller if \_\_\_\_\_
- (a) The buyer has become insolvent
  - (b) The goods are in transit
  - (c) The seller must be unpaid
  - (d) All of these
98. A partner may be expelled from partnership subject to \_\_\_\_\_
- (a) The power of expulsion of a partner should be conferred by the contract between two partners
  - (b) The power should be exercised by majority of partners.
  - (c) The power should be exercised in good faith
  - (d) All of these

### **PART – III**

99. A agrees to pay a sum of money B if a certain ship does not return. The ship is sunk. A refuses to pay, what will be the advice to B.
- (a) B cannot enforce the contract
  - (b) B can enforce the contract when the ship sinks
  - (c) B can sue for damage
  - (d) B can sue for not fulfilling the promise

100. A, B, and C enter into a partnership agreement under which 'C' is not liable for the losses. A filed a suit against A, B, and C. Examine the position of C
- (a) C is liable to D only
  - (b) C is liable to D jointly with A and B also
  - (c) C is not liable to D
  - (d) C is not liable to D jointly with A and B.

**SECTION – C : GENERAL ECONOMICS (50 MARKS)**

101. Which one of the following is not a function of commercial banks?
- (a) Advancing loans
  - (b) Accepting deposits
  - (c) Issuing notes
  - (d) Discounting bills of exchange
102. Currently, the value of SDR is fixed in terms of
- (a) gold
  - (b) dollar
  - (c) a basket of 16 currencies
  - (d) a basket of 4 currencies
103. Population explosion occurs in \_\_\_\_\_ stage of the theory of demographic transition.
- (a) first
  - (b) second
  - (c) third
  - (d) fourth
104. The selective regional planning approach aim at
- (a) selecting specific regions in a country for optimum development
  - (b) providing equal investment in selected regions
  - (c) equal development rates for all regions in selected sectors.
  - (d) deliberate unequal development rates for the different regions of the economy.
105. The Tenth Plan aims to reduce poverty ratio to \_\_\_\_\_% by 2007.
- (a) 12.3
  - (b) 19.3
  - (c) 14.3
  - (d) 18.3
106. Population growth rate in India was negative in
- (a) 1901-11
  - (b) 1911-21
  - (c) 1921-31
  - (d) 1931-41

107. Which one of the following resources is the most crucial input in India's new agriculture, technology, responsible for the Green Revolution?
- (a) Fertilizers
  - (b) HYV seeds
  - (c) Agricultural Machinery
  - (d) Irrigation
108. Which one of the following states has made the least progress in respect of consolidation of holdings ?
- (a) Bihar
  - (b) Uttar Pradesh
  - (c) West Bengal
  - (d) Orissa
109. Location of sugar industry in India is influenced by :
- (a) the market
  - (b) raw material
  - (c) labour and entrepreneurial factors
  - (d) none of the above
110. Employment in small industry sector has been :
- (a) nearly 50% of total industrial employment
  - (b) half of the number of employment offered by modern industries
  - (c) about 10% of the total industrial employment
  - (d) only 20% of the total industrial employment
111. In July 1991, India devalued the rupee by about
- (a) 10-12%
  - (b) 15-16%
  - (c) 18-20%
  - (d) 30-35%
112. The Foreign Trade Policy 2004-09 has :
- (a) identified certain thrust areas for growth
  - (b) started "served from India" brand
  - (c) revamped Duty Free Export-Credit
  - (d) all of the above
113. Which one of the following offers the least liquidity?
- (a) Treasury Bills
  - (b) Immovable property

- (c) Bill of exchange
  - (d) Bearer cheques
114. The modified Gadgil formula is used to
- (a) administer tax and non-tax revenue between states
  - (b) allocate central assistance to state plans
  - (c) decide upon grants-in-aid to states
  - (d) decide the allocation of centrally sponsored
115. Net National Income at market prices is equal to
- (a) Gross National Income at market prices minus depreciation
  - (b) Net Domestic Product at factor price plus or minus earnings from abroad
  - (c) Gross Domestic Product minus indirect taxes and subsidies
  - (d) Gross National Product at factor price plus or minus depreciation
116. Which one of the following assumptions is not necessary for the cardinal utility theory ?
- (a) Rationality of the consumer
  - (b) Constant marginal utility of money
  - (c) Perfectly competitive market
  - (d) Additivity of utility
117. Dumping involves
- (a) selling at a price in another market which is lower than the price or cost in your home market
  - (b) price discrimination between the two markets
  - (c) surplus production at lower cost
  - (d) none of the above
118. The IC curve approach assumes :
- (a) rationality
  - (b) consistency
  - (c) transitivity
  - (d) all of the above
119. A higher indifference curve shows :
- (a) a higher level of satisfaction
  - (b) a higher level of production
  - (c) a higher level of income
  - (d) none of the above
120. Demand deposits with banks are considered as money because they are:
- (a) generally acceptable as a means of payment

- (b) more liquid than cash
  - (c) held by the government
  - (d) managed efficiently by bank managers
121. Which one of the following measures has been accorded the highest priority by the government for checking the inflationary pressure on the economy since 1990:
- (a) Revamping the public distribution system.
  - (b) Correcting the fiscal imbalance by reducing the fiscal deficit as a percentage of GDP
  - (c) Increasing imports
  - (d) Devaluation of the rupee
122. The basic aim of the lead bank scheme is that -
- (a) big banks should try to open offices in each district
  - (b) there should be stiff competition among the various nationalized banks.
  - (c) individual bank should adopt particular districts for intensive development
  - (d) all the banks should make intensive efforts to mobilize deposits
123. Which one of the following taxes belong exclusive to the state government of India?
- (a) Income tax
  - (b) Agricultural tax
  - (c) Excise tax
  - (d) Wealth tax
124. Which one of the following sources of Central revenue belongs to the category of indirect taxes?
- (a) Corporation tax
  - (b) Customs
  - (c) Wealth tax
  - (d) Interest Receipts
125. The rapid increase of public debt of the Central Government since 1950-51 has been due to
- (a) uncontrolled inflation
  - (b) mounting shares of state government from revenues raised by the central government
  - (c) mounting costs of financing public expenditure
  - (d) rising population
126. In the case of two perfect substitutes, the indifference curve will be :
- (a) straight line
  - (b) L-shaped



- (c) U-shaped
  - (d) C-shaped
127. Which one of the following is the major characteristic of foreign direct investment (FDI)?
- (a) It is non-debt creating capital flow
  - (b) It is portfolio investment in stock market
  - (c) It is that investment which involves debt servicing
  - (d) It is investment made by foreign institutional investors in government securities
128. The objective of selective credit controls is mainly to :
- (a) selectively allocate credit to commercial banks
  - (b) selectively allocate credit among borrowers
  - (c) regulate the quantity of demand deposits created by commercial banks
  - (d) regulate the quantity of credit created by commercial banks
129. A consumer is at equilibrium when :
- (a) slope of the price line is equal to indifference curve
  - (b) he saves 10% of his income
  - (c) borrows an amount equal to his income from the bank
  - (d) none of the above
130. Since 1990, savings of the household sector in India have been
- (a) greater than the savings of the private corporate sector but less than the savings of the public sector
  - (b) less than the savings of the private corporate sector but more than savings of the public sector.
  - (c) greater than the savings of the private corporate sector as well as the savings of the public sector
  - (d) less than the savings of the private corporate sector as well as the savings of the public sector
131. The 'Hindu rate of growth'
- (a) refers to growth of Hindu population
  - (b) is the term used by Raj Krishna to represent the nature of the growth of the Indian economy at around 3.5% per year
  - (c) is the term coined by Amartya Sen to represent the nature of the growth of the Indian economy at around 3.5% per year
  - (d) is the term coined by V.K.R.V. Rao to decide the nature of the growth of the Indian economy at around 4%
132. Disguised unemployment in India is maximum in :
- (a) agricultural sector

- (b) secondary sector
  - (c) tertiary sector
  - (d) none of the above
133. Unemployment rate in India is defined as the ratio of number of persons unemployed to total
- (a) Population
  - (b) Population excluding children
  - (c) Labour force
  - (d) Population excluding the aged
134. The population of India living below the poverty line
- (a) is rising in relative and absolute terms
  - (b) is falling in relative terms but rising in absolute terms
  - (c) is falling in both relative and absolute terms
  - (d) has not changed at all over the years
135. If the Indian economy aimed at an annual growth rate of 8 per cent in national income, assuming as incremental capital – output ratio of 3.5:1 what would be the required rate of investment as percent of national income?
- (a) 28.0
  - (b) 24.5
  - (c) 10.5
  - (d) 3.5
136. Which one of the following denotes the size of an operational holding in India agriculture?
- (a) Owned Land
  - (b) Owned Land + leased inland
  - (c) Owned land + leased inland – Leased outland
  - (d) Owned land – leased inland– leased outland
137. Which one of the following has NOT been a part of the land reforms programme in India?
- (a) Ceiling on holding
  - (b) Consolidation of holdings
  - (c) Agricultural holding tax
  - (d) Zamindari abolition
138. In India, which one of the following is NOT a cooperative organization?
- (a) Primary land development banks
  - (b) Central land development banks
  - (c) Regional rural banks

- (d) State cooperative banks
139. The marketable surplus in Indian Agriculture refers to annual -
- (a) Agricultural production + stocks of agricultural commodities
  - (b) Agricultural production – annual consumption of agricultural commodities within the agricultural sector
  - (c) Consumption of agricultural commodities within the agricultural sector + stocks of agricultural commodities
  - (d) Agricultural production + annual consumption of agricultural commodities with in the agricultural sector
140. Which among the following is NOT a cause of sickness of industrial units in India?
- (a) Obsolescent technology
  - (b) Labour problems
  - (c) Faulty location
  - (d) Lack of capital account convertibility
141. As against planned disinvestment of Rs.4000 crores, the actual realisation was \_\_\_\_
- (a) Rs.1400 crores
  - (b) Rs.2765 crores
  - (c) Rs.5000 crores
  - (d) Rs.902 crores
142. The majority of Central Government enterprises belongs to the :
- (a) Public corporations
  - (b) Public limited companies
  - (c) Private Limited companies
  - (d) Departmental organizations
143. Which one of the following DOES NOT come under the jurisdiction of state taxation?
- (a) Land Revenue
  - (b) Taxes on agricultural income
  - (c) Taxes on land and buildings
  - (d) Personal income tax
144. Which one of the following agencies in India is responsible for computation of national income?
- (a) NCAER
  - (b) CSO
  - (c) NSS
  - (d) RBI

145. What is the approximate share of the agricultural sector in the total employment in India?
- (a) 60 per cent
  - (b) 50 per cent
  - (c) 45 per cent
  - (d) 40 per cent
146. According to the World Development Report-2006, the GINI index for India in 1999-00 was :
- (a) 0.33
  - (b) 0.29
  - (c) 0.53
  - (d) 0.18
147. Over the plan era, the relative share of areas under foodgrains in gross cropped area in India has:
- (a) decreased
  - (b) increased
  - (c) remained the same
  - (d) decreased initially and then increased
148. Which one of the following is NOT an important import item of India at present?
- (a) Petroleum oil
  - (b) Edible oil
  - (c) Fertilizers
  - (d) News print
149. The total area under the demand curve of a good measures:
- (a) marginal utility
  - (b) total utility
  - (c) consumers surplus
  - (d) producers' surplus
150. The incremental capital output ratio (ICOR) during the IX plan of India was
- (a) 5.02
  - (b) 3.04
  - (c) 4.53
  - (d) 6.37

**SECTION – D : QUANTITATIVE APTITUDE (50 MARKS)**

**PART-I**

151. The inverse ratio of 13:17 is

- (a) 17:13
- (b)  $\sqrt{13} : \sqrt{17}$
- (c)  $169 : 17^2$
- (d) None of these

152. The duplicate ratio of 5:7 is

- (a) 7:5
- (b) 15:21
- (c)  $5^2 : 7^2$
- (d) None of these

153. The value of  $3 \times (32)^{1/5}$  is

- (a) 3
- (b) 15
- (c) 6
- (d) None of these

154. The value of  $2 \times (128)^{-1/7}$  is

- (a) 1
- (b) 2
- (c) 14
- (d) None of these

155.  $\log (3 \times 5 \times 7)$  is equal to

- (a)  $\log 3 \times \log 5 \times \log 7$
- (b)  $\log 3 + \log 5 + \log 7$
- (c)  $\log 3 - \log 5 - \log 7$
- (d) 0

156.  $\log (5/7)$  is equal to

- (a)  $\frac{\log 5}{\log 7}$
- (b)  $\log 5 + \log 7$
- (c)  $\log 5 - \log 7$
- (d) None of these

157. The equation of the line passing through (5, 0) and (0, 5) is
- (a)  $x - y = 5$
  - (b)  $x + y = 5$
  - (c)  $5x + 5y = 1$
  - (d) None of these
158. The equation of the line parallel to the line joining (7,5) and (2,9) and passing through the point (3, -4) is
- (a)  $4x + 5y + 8 = 0$
  - (b)  $4x - 5y + 8 = 0$
  - (c)  $4x - 5y - 8 = 0$
  - (d) None of these
159. The equation  $5x + 7(x - 3) - 4(x + 10) = 0$  is
- (a) Quadratic equation
  - (b) Linear equation
  - (c) Cubic equation
  - (d) None of these
160. The equation  $(x - a)(x - b) = 0$  is satisfied by
- (a)  $x = 0$
  - (b)  $x = a, b$
  - (d)  $x = -a, -b$
  - (d) None of these
161. The inequalities  $x \geq 0, y \geq 0$  indicates
- (a) First quadrant
  - (b) Second quadrant
  - (c) Third quadrant
  - (d) Fourth quadrant
162. Rs. 10,000 is invested at annual rate of interest of 10%. The amount after two years at annual compounding is
- (a) Rs. 21100
  - (b) Rs. 12100
  - (c) Rs. 12110
  - (d) None of these
163.  $P(n,r)$  is equal to
- (a)  $\frac{n!}{r! (n-r)!}$

(b)  $\frac{n-r}{r}$

(c)  $\frac{n}{n-r}$

(d)  $\frac{r}{n-r}$

164.  ${}_{10}P_6$  is equal to

(a) 720

(b) 0

(c) 6

(d) -120

165. In how many ways can 8 persons sit at a round table for a meeting?

(a) 40320

(b) 64

(c) 5040

(d) 720

166. There are 7 routes from station X to station Y. In how many ways one may go from X to Y and return if for returning one makes a choice of any of the routes?

(a) 49

(b) 17

(c) 42

(d) 35

167. The sum of the series  $1, \frac{1}{3}, \frac{1}{3^2}, \frac{1}{3^3}, \dots$  to  $\infty$  is

(a)  $\frac{4}{3}$

(b)  $\frac{3}{2}$

(c)  $\frac{1}{3}$

(d) None of these

168. The number of subsets of the set {2, 4, 6, 8} is

(a) 8

(b) 15

(c) 16

- (d) 4
169. If  $A = \{1, 3, 5, 7, 9\}$ ,  $B = \{2, 4, 6, 8, 10\}$  then  $A \cap B$  is
- (a)  $\{0\}$   
 (b)  $\phi$   
 (c)  $\{1, 2, 3, 4, 5, 6, 7, 8, 9, 10\}$   
 (d) None of these
170. If  $A = \{3, 5, 7\}$   $B = \{0, 2, 4, 6\}$  then  $A \cup B$  is
- (a)  $\phi$   
 (b)  $\{0, 2, 3, 4, 5, 6, 7\}$   
 (c)  $\{0\}$   
 (d) None of these
171. The sum of the series  $1 + 2 + 3 + 4 + \dots + 100$  is
- (a)  $\frac{100(101)}{2}$   
 (b)  $\left[ \frac{100(101)}{2} \right]^2$   
 (c)  $100 \times 101$   
 (d) None of these
172. If  $A = \{1, 2, 3, 4\}$ ,  $B = \{5, 6, 7\}$  then cardinal number of  $A \times B$  is
- (a) 4  
 (b) 7  
 (c) 12  
 (d) None of these
173.  $\lim_{x \rightarrow 0} \frac{1}{x}$
- (a) does not exist  
 (b)  $+\infty$   
 (c)  $-\infty$   
 (d) None of these
174.  $\lim_{x \rightarrow 3} \frac{x^2 - 9}{x - 3}$
- (a) Does not exist  
 (b) 6



- (c) 1
- (d) None of these

175. If  $f(x) = \frac{x^2 - 25}{x - 5}$ , then the value of  $f(x)$  at  $x = 5$ , i.e.  $f(5)$  is equal to

- (a) 10
- (b) Undefined
- (c) 1
- (d) None of these

176. If  $y = ax^3 + bx^2 + cx + d$  then  $\frac{dy}{dx}$  is equal to

- (a)  $3ax^2 + 2bx + c$
- (b)  $\frac{ax^4}{4} + \frac{bx^3}{3} + \frac{cx^2}{2} + dx$
- (c) 0
- (d) None of these

177. If  $f(x) = 5x^a + 10a^x + 3a^a$  then  $\frac{dy}{dx}$  is equal to

- (a)  $5ax^{a-1} + 10xa^{x-1} + 3a.a^{a-1}$
- (b)  $5ax^{a-1} + 10a^x \log a$
- (c)  $5x^a \log x + 10xa^{x-1}$
- (d) None of these

178.  $\int_0^1 10x^5 dx$  is equal to

- (a)  $\frac{5}{3}x^6$
- (b)  $\frac{3}{5}$
- (c)  $\frac{5}{3}$
- (d) None of these

179.  $\int \frac{\log x}{x} dx$  is equal to

- (a)  $\frac{1}{2} \log x + k$
- (b)  $\frac{1}{2} (\log x)^2 + k$
- (c)  $\frac{1}{2} x^2 + k$
- (d) None of these

180.  $\int 10 \left( \frac{e^x + e^{-x}}{e^x - e^{-x}} \right) dx$  is equal to

- (a)  $10 \log |e^x - e^{-x}| + k$
- (b)  $10 \log |e^x + e^{-x}| + k$
- (c)  $\log(e^x - e^{-x})$
- (d) None of these

181. The value of  $\frac{2^{16} \times 3^{10} \times 5^4}{2^{12} \times 3^6 \times 5^3}$  is equal to

- (a) 2160
- (b) 6480
- (c) 648
- (d) 3240

182. The value of  $y^{a-m} \times y^{m-n} \times y^{n-a}$  is equal to

- (a) 1
- (b) 0
- (c) -1
- (d) y

183. The value of  $\log(1+2+3+\dots+n)$  is equal to

- (a)  $\log 1 + \log 2 + \dots + \log n$
- (b)  $\log n + \log(n+1) - \log 2$
- (c) 0
- (d) 1

184. The roots of the equation  $x^3 - 3x^2 + 2x = 0$  are
- (a) 1, 2
  - (b) 0, 1
  - (c) 0, 1, 2
  - (d) 1, 2, 3
185. The roots of the equation  $x^2 - x + 1 = 0$  are —
- (a) Imaginary and unequal
  - (b) Real and unequal
  - (c) Real and equal
  - (d) Imaginary and equal
186. Interest earned on Rs. 3000 at 5% per year S.I. for three years is \_\_\_\_\_
- (a) Rs. 540
  - (b) Rs. 450
  - (c) Rs. 45
  - (d) Rs. 54
187. The inequalities  $x < 0$ ,  $y > 0$  indicates \_\_\_\_\_
- (a) Third quadrant
  - (b) First quadrant
  - (c) Second quadrant
  - (d) Fourth quadrant
188.  $\frac{10}{12} \frac{15}{2}$  is equal to
- (a) 60
  - (b) 0
  - (c) 120
  - (d) None of these
189.  $n_{c_r}$  is equal to
- (a)  $\frac{1n}{1n-r}$
  - (b)  $\frac{1n}{1r \quad 1n-r}$
  - (c)  $\frac{1n \quad 1r}{1n-r}$

(d)  $\frac{L_n - L_{n-r}}{L_r}$

190. The  $n^{\text{th}}$  term of the sequence 2, 4, 6, 8 ..... is \_\_\_\_\_

- (a)  $2^n$
- (b)  $2n-1$
- (c)  $2n + 1$
- (d)  $n$

191. The sum of the series  $1 + \frac{1}{10} + \frac{1}{10^2} + \dots$  to  $\infty$  is \_\_\_\_\_

- (a)  $\frac{9}{10}$
- (b)  $1\frac{1}{9}$
- (c)  $\infty$
- (d) None of these

192. If a, b, c are in A.P., then  $2b =$  \_\_\_\_\_

- (a)  $a - c$
- (b)  $a + c$
- (c)  $\frac{a+c}{2}$
- (d)  $\frac{a-c}{2}$

193. If a, b, c are in G.P., the  $b^2 =$  \_\_\_\_\_

- (a)  $ac$
- (b)  $-ac$
- (c)  $a+b$
- (d)  $a-c$

194. If  $A = \{1, 3, 5\}$ ,  $B = \{0, 2\}$  then  $A \cup B$  is \_\_\_\_\_

- (a)  $\{0, 1, 2, 3, 5\}$
- (b)  $\phi$
- (c)  $\{1, 3, 5, 7, 9, 13\}$
- (d) None of these

196. If  $A = \{1, 2, 3, 4\}$ ,  $B = \{5, 6, 7\}$  then cardinal number of the set  $A \times B$  is \_\_\_\_\_

- (a) 7

- (b) 1
- (c) 12
- (d) None of these

197.  $\lim_{x \rightarrow a} \frac{1}{(x-a)^2}$  is equal to \_\_\_\_\_

- (a) 0
- (b)  $+\infty$
- (c)  $-\infty$
- (d) 1

198.  $\lim_{x \rightarrow 3} \frac{x^2 - 5x + 6}{x - 3}$  is equal to \_\_\_\_\_

- (a) -1
- (b)  $+\infty$
- (c) 1
- (d) Does not exist

199.  $\lim_{x \rightarrow \infty} \frac{3x+5}{x^3+2}$  is equal to \_\_\_\_\_

- (a) 0
- (b) 1
- (c) -1
- (d) Does not exist

200. The function  $f(x)$  is continuous at  $x = a$  if  $\lim_{x \rightarrow a^+} f(x) = \lim_{x \rightarrow a^-} f(x) =$  \_\_\_\_\_

- (a)  $f(-a)$
- (b)  $f(a)$
- (c)  $f(0)$
- (d) None of these