

COMMERCE (November 2017)
PAPER - II

Note : This paper contains fifty (50) objective type questions of two (2) marks each. All questions are compulsory.

1. From the following statements of Assertion (A) and Reasoning (R), indicate the correct code :

Assertion (A) : Industrial liberalisation became an imperative condition for the growth of forces of competition leading to high efficiency and productivity in Indian industries.

Reasoning (R) : Industrial development and curbing of poverty is only possible through government intervention.

Code :

- (1) (A) and (R) both are not correct.
(2) (A) is correct but (R) is not the correct explanation of (A).
(3) (A) is correct and (R) is correct explanation of (A).
(4) (A) is not correct but (R) is correct.

2. Which of the following statements are not correct ?

Statement (I) : Sustainable development means an attempt to achieve the balance between economic growth and conservation / protection of environment.

Statement (II) : Sustainable development means meeting the needs of industries without compromising the needs of import - export balancing.

Statement (III) : Sustainable development means creation of sufficient surplus budgets through stock of capital assets including land.

Code :

- (1) Statements (I) and (III) **(2) Statements (II) and (III)**
(3) Statements (I) and (II) (4) Statements (I), (II) and (III)

3. Match items of List - I with List - II relating to macro environment of business and indicate the code of correct matching :

List - I

List - II

- | | |
|--|---|
| (a) Economic environment | (i) Ethical issues |
| (b) Political and government environment | (ii) Trade and transport policies |
| (c) Socio - cultural environment | (iii) Economic stratification of population |
| (d) Demographic environment | (iv) Judiciary powers |

Code :

- | | | | | |
|-----|-------------|-------------|------------|--------------|
| | (a) | (b) | (c) | (d) |
| (1) | (ii) | (iv) | (i) | (iii) |
| (2) | (i) | (iii) | (ii) | (iv) |
| (3) | (iv) | (ii) | (iii) | (i) |
| (4) | (iii) | (i) | (iv) | (ii) |

4. For which one of the basic reasons, the “Structural Adjustment Programme” was undertaken in India in 1991 ?
- (1) Curbing competition among private sector
 - (2) Establishing predominant role of public sector
 - (3) Establishing a free market economy**
 - (4) Regional balancing through planning and licensing

5. Match the items of List - I with List - II and indicate the correct code of matching :

List - I	List - II
(a) Micro external environment	(i) Economic and political factors
(b) Macro external environment	(ii) Competition among diverse products targetting disposable income of consumers
(c) Non - price competition	(iii) Input suppliers
(d) Desire competition	(iv) Sponsoring of events like sports

Code :

- | | | | |
|------------------|------------|-------------|-------------|
| (a) | (b) | (c) | (d) |
| (1) (iii) | (i) | (iv) | (ii) |
| (2) (ii) | (iii) | (iv) | (i) |
| (3) (iv) | (ii) | (iii) | (i) |
| (4) (iv) | (i) | (ii) | (iii) |
6. Assertion (A) : Debt - equity ratio indicates the long term solvency of a company.
Reasoning (R) : It measures the ability of the company to pay off its long term liabilities. Select the correct answer from the code given below :
- (1) Both (A) and (R) are correct and (R) is the correct reason for (A).**
 - (2) Both (A) and (R) are correct but (R) does not explain (A) correctly.
 - (3) (A) is correct but (R) is wrong.
 - (4) (A) is wrong but (R) is correct.
7. The balance of property at cost has been ` 20,000 and ` 17,000 in 2015 and 2016, respectively. The profit on the sale of property of ` 2,000 is credited to Capital Reserve Account. New property costing ` 5,000 was bought in 2016. Determine the sale proceeds from property.
- | | | | |
|-------------|-------------|---------------------|--------------|
| (1) ` 3,000 | (2) ` 7,000 | (3) ` 10,000 | (4) ` 15,000 |
|-------------|-------------|---------------------|--------------|
8. Goodwill of a firm of X and Y is valued at ` 30,000. It is appearing in the books at ` 12,000. Z is admitted for 1/4 share. What amount he is supposed to bring for goodwill ?
- | | | | |
|-------------|-------------|--------------------|--------------|
| (1) ` 3,000 | (2) ` 4,500 | (3) ` 7,500 | (4) ` 10,500 |
|-------------|-------------|--------------------|--------------|

14. Statement (I) : Point price elasticity of demand in terms of marginal and average revenues can be measured with the following formula :

$$\frac{AR}{AR-MR}$$

Statement (II) : The point price elasticity of demand is the product of the slope of the demand function and the ratio between corresponding price and quantity.

Code :

- (1) **Both the statements are correct.**
(2) Both the statements are incorrect.
(3) Statement (I) is correct while statement (II) is incorrect.
(4) Statement (I) is incorrect while statement (II) is correct.
15. Which one of the following is not the basic property of indifference curves ?
(1) Negative slope
(2) **Indifference curves of two imperfect substitutes are concave to the point of origin**
(3) The indifference curves do not intersect nor are they tangent to one another
(4) Upper indifference curves indicate a higher levels of satisfaction
16. The scale of measurement which has no order, distance and unique origin is known as which one of the following ?
(1) **Nominal scale** (2) Ordinal scale (3) Interval scale (4) Ratio scale
17. The formula to determine the number of classes given by Sturge's Rule is which one of the following ?
(1) **$K=1+3.322(\log N)$**
(2) $K=(\log N)1.322$
(3) $K = \frac{1 + 3.322}{(\log N)}$
(4) $K = \frac{3.322}{(\log N) + 1}$
- Where : K = Number of classes
N = Total number of observations
(log N) = Logarithm of the total number of observations

18. Which one of the following is not the characteristics of normal distribution ?
(1) Bell - shaped and symmetric
(2) Mean, Median and Mode of the distribution are equal
(3) The total area under the curve for the normal probability distribution is one
(4) **The two tails of the distribution in both the directions touches the horizontal axis**

19. Assertion (A) : A reasonably sized sample drawn randomly from large sized population contains almost all the characteristics which exist in the population.

Reasoning (R) : The theory of sampling is based on the two important laws of statistics, viz., Law of statistical Regularity and law of inertia of large numbers.

Code :

- (1) Both (A) and (R) are correct and (R) is the complete explanation of (A).
(2) Both (A) and (R) are correct but (R) is not the complete explanation of (A).
(3) (A) is not correct while (R) is correct.
(4) Both (A) and (R) are not correct.

20. Statement (I) : If the alternative hypothesis is as $H_a : \mu \neq \mu_0$; a researcher requires two - tailed test in hypothesis - testing.

Statement (II) : The mean of the sampling distribution of mean is not equal to the parametric value of mean.

Code :

- (1) Both the statements are true.
(2) Both the statements are false.
(3) Statement (I) is true, while statement (II) is false.
(4) Statement (I) is false, while statement (II) is true.

21. Match the items of List - I with List - II ; and choose the correct code of combination :

List - I	List - II
(a) The Fundamentals of Top Management	(i) Peter F. Drucker
(b) Middle Management	(ii) R.C. Davis
(c) The Essence of Management	(iii) E.L.F. Brech
(d) Principles and Practice of Management	(iv) Mary Caushing Nile

Code :

- (a) (b) (c) (d)
(1) (ii) (iv) (iii) (i)
(2) (ii) (iv) (i) (iii)
(3) (ii) (iii) (i) (iv)
(4) (iii) (iv) (i) (ii)

22. Statement (I) : Management is not just a creature of the economy; it is a creator as well.
Statement (II) : He who can manage, can manage anything.

Code :

- (1) Statement (I) is correct but (II) is incorrect.
(2) Statement (II) is correct but (I) is incorrect.
(3) Both the statements (I) and (II) are incorrect.
(4) Both the statements (I) and (II) are correct.

23. Assertion (A) : Due to these experiments (Time, Motion and Fatigue Studies) a factory does not remain a factory, it is converted into a laboratory.

Reasoning (R) : Management succeeds or fails as human relations in business are intelligently or unintelligently handled.

Code :

- (1) Both (A) and (R) are correct and (R) is the right explanation of (A).
- (2) Both (A) and (R) are correct but (R) is not the right explanation of (A).**
- (3) (A) is correct but (R) is not correct.
- (4) (R) is correct but (A) is not correct.

24. Who among the following is not associated with theories of motivation ?

- (1) A.H. Maslow
- (2) Cris Argyris
- (3) Frederick Herzberg
- (4) Peter F. Drucker**

25. As per the Herzberg's Hygiene Theory of motivation, which among the following is not a motivational factor ?

- (1) Recognition
- (2) Working Conditions**
- (3) Responsibility
- (4) Achievements

26. When Walt Disney World's Magic kingdom lets customers visit a fairy kingdom, a pirate ship, or a haunted house, then what is marketed in this example ?

- (1) Services
- (2) Events
- (3) Experiences**
- (4) Ideas

27. Which one of the following statements is true according to VALS framework of psychographic segmentation ?

- (1) The consumers who are primarily motivated by ideals are guided by knowledge and principles.**
- (2) The consumers who are motivated by achievement look for knowledge and principles.
- (3) The consumers who are motivated by self expression don't desire social or physical activity, variety, and risk.
- (4) The consumers who are motivated by achievement desire social or physical activity, variety, and risk.

28. From the following two statements of Assertion (A) and Reason (R), indicate the correct code :

Assertion (A) : A transformational appeal of communication elaborates on a non-product related benefit or image.

Reasoning (R) : Transformational appeals often do not attempt to stir up emotions that will motivate purchase.

Code :

- (1) (A) and (R) both are correct.
- (2) (A) is correct (R) is not correct.**
- (3) (A) is not correct (R) is correct.
- (4) (A) and (R) both are incorrect.

29. Select the correct sequence for Hierarchy-of-effects model related to marketing communication :

- (1) **Awareness → Knowledge → Liking → Preference → Conviction → Purchase**
(2) Knowledge → Awareness → Liking → Conviction → Preference → Purchase
(3) Awareness → Liking → Knowledge → Conviction → Preference → Purchase
(4) Liking → Awareness → Knowledge → Preference → Conviction → Purchase

30. Match the items of List - I with the items of List - II and denote the code of correct matching :

- | List - I | List - II |
|-----------------------|---|
| (a) Basic Product | (i) Set of attributes and conditions buyers normally expect |
| (b) Expected Product | (ii) Possible augmentation and transformation the product might undergo in future |
| (c) Augmented Product | (iii) Exceed customer expectations |
| (d) Potential Product | (iv) Converting core benefits into product |

Code :

- (a) (b) (c) (d)
(1) (iii) (iv) (i) (ii)
(2) (i) (iii) (iv) (ii)
(3) (i) (iv) (iii) (ii)
(4) **(iv) (i) (iii) (ii)**

31. Which of the following statements is false ?

- (1) The opportunity cost of an input is considered in capital budgeting
(2) **Capital budgeting decisions are reversible in nature**
(3) Cash flows and accounting profits are different
(4) An expansion decision is a capital budgeting decision

32. Match the items of List - I with those of List - II and indicate the correct code :

- | List - I | List - II |
|-----------------------------------|--|
| (a) ABC Analysis | (i) Dividend Decision |
| (b) Walter Model | (ii) Capital Budgeting Decision |
| (c) Capital Rationing | (iii) Capital Structure Decision |
| (d) Net Operating Income Approach | (iv) Working Capital Management Decision |

Code :

- (a) (b) (c) (d)
(1) (i) (iii) (ii) (iv)
(2) (ii) (i) (iii) (iv)
(3) **(iv) (i) (ii) (iii)**
(4) (iii) (i) (ii) (iv)

33. Main objective of employing Financial Leverage is to :
- (1) Reduce the risk associated with profits
 - (2) Maintain the stability in profits
 - (3) Decrease the cost of debt capital
 - (4) Magnify the return on equity share capital**
34. Which one of the following is not a method of calculating cost of equity capital ?
- (1) Dividend yield method
 - (2) Dividend yield plus growth method
 - (3) Yield to maturity method**
 - (4) Earnings yield method
35. Which one of the following equates the present value of cash out flows and the present value of expected cash inflows from a project ?
- (1) Net Present Value
 - (2) Internal Rate of Return**
 - (3) Pay back Period
 - (4) Accounting Rate of Return
36. Which one of the following is not true ?
- (1) Material resources are subject to laws of mechanics and they cannot have an output greater than the input.
 - (2) Human resources are capable of exponential growth and development.
 - (3) Human resources cannot yield an output that may be far greater than what the value of their input warrants.**
 - (4) In current scenario, gradually, the emphasis has shifted from muscle power to use of mind power.
37. The pluralistic approach of industrial conflict is based on which one of the following basic assumption / premise ?
- (1) That conflict occurs when the tendency of industrial society is to treat worker as an isolated individual and deprive him of all control over his environment
 - (2) That an enterprise contain people with coalition of different interests**
 - (3) That industrial conflict is a part of the broader social conflict between classes
 - (4) That no consensus is possible, in case of conflicts, because people are with different socio - cultural backgrounds.
38. The Job Description Index (JDI) Technique is used for measuring which one of the following ?
- (1) Job attitudes**
 - (2) Job descriptions/definitions
 - (3) Job analysis records
 - (4) Job skill requirements

39. From the following two statements of Assertion (A) and Reasoning (R) indicate the correct code :

Assertion (A) : Development in HRM is a short-term educational process with temporary intervention.

Reasoning (R) : It is a educational process utilizing a systematic and organized procedure for development of operative employees performance in current jobs.

Code :

- (1) (A) is correct and (R) is correct explanation of (A).
(2) (A) is correct, but (R) is not correct explanation of (A).
(3) (A) is not correct, but (R) is correct.
(4) **(A) and (R) both are not correct.**

40. Match items of List - I with List - II relating to methods of performance appraisal and indicate the correct code of matching.

List - I

- (a) Paired comparison method
(b) Forced choice description method(ii)
(c) Critical Incidents method
(d) Field review method

List - II

- (i) Reviewing employee records and holding interview on definite test questions.
(ii) Set of pair phrases or descriptive statements
(iii) Differentiating between effective and non - effective performance on basis of achievements
(iv) Relative ranking method

Code :

- (a) (b) (c) (d)
(1) **(iv) (ii) (iii) (i)**
(2) (ii) (iii) (iv) (i)
(3) (iii) (i) (iv) (ii)
(4) (ii) (iv) (i) (iii)

41. Match the following items of List - I with the items of List - II and indicate the code of correct matching :

List - I

(Name of organisation)

- (a) IDBI
(b) ICICI
(c) LIC of India
(d) SIDBI

List - II

(Year of establishment)

- (i) 1956
(ii) 1955
(iii) 1990
(iv) 1964

Code :

- (a) (b) (c) (d)
(1) (iii) (i) (ii) (iv)
(2) (iii) (i) (iv) (ii)
(3) **(iv) (ii) (i) (iii)**
(4) (i) (ii) (iii) (iv)

42. Statement (I) : Capital adequacy norms help banks in strengthening their capital base.
Statement (II) : Capital adequacy norms help banks in sanctioning more loans.
Code :
- (1) Both the Statements (I) and (II) are correct.
 - (2) Both the Statements (I) and (II) are incorrect.
 - (3) Statement (I) is correct but (II) is incorrect.**
 - (4) Statement (I) is incorrect but (II) is correct.
43. What is Hawala ?
- (1) Tax evasion
 - (2) Illegal trading in stock exchanges
 - (3) Bank robbery
 - (4) Illegal transactions of foreign exchange**
44. Read the following events :
- (i) Capital adequacy norms for commercial banks
 - (ii) Establishment of IDBI
 - (iii) Allowing convertibility of rupee at the market rate in the current account.
 - (iv) Nationalisation of general insurance business
- (1) (i), (ii), (iii), (iv)**
 - (2) (iv), (iii), (ii), (i)**
 - (3) (iv), (ii), (i), (iii)**
 - (4) (i), (ii), (iv), (iii)**
45. Assertion (A) : The future will see mostly the electronic money clearance through satellite networking.
Reasoning (R) : RBI is encouraging e-banking.
Code :
- (1) (A) is true but (R) is false.
 - (2) (A) is false but (R) is true.
 - (3) Both (A) and (R) are true and (R) is the correct explanation of (A).**
 - (4) Both (A) and (R) are true but (R) does not support (A).
46. Statement (I) : Developing countries can borrow more than their quota under Extended Fund Facility (EFF) of IMF.
Statement (II) : The Extended Fund Facility (EFF) was created in 1984 to help the developing countries over longer period upto 3 years.
Code :
- (1) Statement (I) is correct but (II) is not correct.**
 - (2) Statement (II) is correct but (I) is not correct.
 - (3) Both the statements (I) and (II) are correct.
 - (4) Both the statements (I) and (II) are not correct.

47. Match the items of List - I with those of List - II; and choose the correct code of combination :

List - I	List - II
(a) Poverty Reduction and Growth Facility (PRGF)	(i) 1997
(b) Supplemental Reserve Facility (SRF)	(ii) 1974
(c) Extended Fund Facility (EFF)	(iii) 1999

Code :

- (a) (b) (c)
(1) (iii) (i) (ii)
(2) (iii) (ii) (i)
(3) (ii) (i) (iii)
(4) (i) (iii) (ii)

48. Who among the following has given Absolute Advantage Model of international trade ?

- (1) Adam Smith** (2) David Ricardo
(3) Hackscher Ohlin (4) William Petty

49. Which among the following is not an international economic institution ?

- (1) IMF (2) IBRD (3) ADB **(4) IFRS**

50. Assertion (A) : The fall in aggregate expenditure or aggregate demand in the economy works to reduce imports and help in solving the balance of payment problems.

Reasoning (R) : The important way to reduce imports and thereby reduce deficit in balance of payments is to adopt monetary and fiscal policies that aims at reducing aggregate expenditure in the economy.

Code :

- (1) (A) and (R) both are correct and (R) supports (A).**
(2) (A) and (R) both are correct but (R) does not support (A).
(3) (A) is correct but (R) is incorrect.
(4) (R) is correct but (A) is incorrect.