

COMMERCE (November 2017)  
PAPER - III

Note : This paper contains seventy five (75) objective type questions of two (2) marks each.  
All questions are compulsory.

1. Assertion (A) : Buyers, for several industries, are potential competitors-they may integrate backwards.

Reasoning (R) : They have different degrees of bargaining power.

Code :

- (1) **(A) and (R) are correct and (R) is the correct reasoning of (A).**  
(2) (A) and (R) are correct but (R) is not the correct reasoning of (A).  
(3) (A) is incorrect while (R) is a correct statement.  
(4) Both (A) and (R) are incorrect.

2. Which one of the following is the governing factor in deciding the type of redressal agency which will deal with the dispute of a consumer ?

- (1) Area of sale of goods and services  
(2) Type of goods and services sold  
(3) The choice of the consumer  
(4) **The value of goods and services sold**

3. Match List - I with List - II relating to the roles played by government in an economy and indicate the correct code of their matching.

List - I  
(Roles)

List - II  
(Examples)

- |                          |   |
|--------------------------|---|
| (a) Regulatory role      | (i) Deciding timing and usage of resources                  |
| (b) Promotional role     | (ii) Capital intensive projects of public sector            |
| (c) Entrepreneurial role | (iii) Imposing of high import duty                          |
| (d) Planning role        | (iv) Measures to control and cover risk in priority sectors |

Code :

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

4. Which one of the following statement is not correct relating to Competition Policy and Law ?

- (1) Collusion and dominance have potential for unfair competition.  
(2) The appeal against decisions of Competition Commission of India can be made to the Competition Appellate Tribunal.  
(3) **State monopolies, government's business policies and functioning of Regulatory Authorities cannot be scrutinized under this law.**  
(4) Abuse of dominance rather than dominance should be the key for Competition Policy/ Law.

5. Which one of the following is not correct with reference to standard costing ?
- (1) Standard costing is a system where pre determined costs are used for control of entire organisation
  - (2) Standard may be expressed in quantitative and monetary measures
  - (3) Only adverse variances are investigated intensively**
  - (4) Standard is determined for each element of cost
6. Which one of the following is not correct ?
- (1) Margin of Safety =  $\frac{\text{PROFIT}}{\text{P/V RATIO}}$
  - (2) P/V Ratio =  $\frac{\text{Change in Contribution}}{\text{Change in sales}} \times 100$
  - (3) Break-even point in units =  $\frac{\text{Fixed cost}}{\text{Contribution per unit}}$
  - (4) Required sales to earn desired profits =  $\frac{\text{Desired profit}}{\text{ratio}}$**
7. Schedule III Part II of the Companies Act, 2013 deals with which one of the following ?
- (1) Format of Balance Sheet
  - (2) Format of Profit and Loss Account**
  - (3) Format of Trading Account
  - (4) Format of Cash Flow
8. Which one of the following statements is not true ?
- (1) When there is one liquidation and one formation it is known as external construction
  - (2) Goodwill or Capital reserve arises only when the amalgamation is in the nature of merger**
  - (3) Under the pooling of interest method, the transferee company incorporates the assets and liabilities of the transferor company at book value
  - (4) The vendor company transfers preliminary expenses (at the time of absorption) to equity shareholders' account

9. **Statement - I** : The least - cost or optimal input combination of labour and capital requires that the marginal revenue productivity ratio of the two inputs should be equal to their price ratio.

**Statement - II** : In a hypothetical production function of the following form

$$Q = -L^3 + 15L^2 + 10L$$

Where, Q=Quantity of the product and L=No. of variable input (labour), the marginal physical productivity of labour is  $-L^2 + 15L + 10$ .

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.
10. Match the items of **List - I** with the items of **List - II** and indicate the code of correct matching.

**List - I**

**List - II**

- |   |   |
|---|---|
| (a) Technological advantages                            | (i) Managerial economies                |
| (b) Large scale purchase of material inputs             | (ii) Economies in transport and storage |
| (c) Specialized departments under Specialized personnel | (iii) Economies in marketing            |
| (d) Oil companies having their own fleet of tankers     | (iv) Economies in production            |

Code :

- |                 |              |            |             |
|-----------------|--------------|------------|-------------|
| (a)             | (b)          | (c)        | (d)         |
| (1) <b>(iv)</b> | <b>(iii)</b> | <b>(i)</b> | <b>(ii)</b> |
| (2) (iii)       | (iv)         | (ii)       | (i)         |
| (3) (iii)       | (i)          | (ii)       | (iv)        |
| (4) (iv)        | (ii)         | (iii)      | (i)         |
11. Manufacturing of T.V. sets and refrigerators and their pricing in India belong to which one of the following market structures ?
- (1) Monopolistic competition**                      (2) Perfect competition  
(3) Monopoly    (4) Oligopoly

12. **Statement - I** : Pricing at par with the market price of the existing brands is considered to be the most reasonable pricing strategy for a product which is being sold in a strongly competitive market.

**Statement - II** : Pricing below the market price has been found to be more successful when a seller intends to achieve a prestigious position among the sellers in the locality for selling prestigious goods of much superior quality.

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



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

- | List - I   | List - II            |
|--|----------------------|
| (a) A committee consist of a group of people specifically designated to perform some administrative work                             | (i) C.I. Barnard     |
| (b) Staff service in organisation means the service or advice or council, as distinguished from the function of authority or command | (ii) W.H. Newman     |
| (c) Organisation is informal when the aggregate interpersonal relationships are without conscious joint purpose                      | (iii) McFarland      |
| (d) An identifiable group of people contributing their efforts towards the attainment of goals is called organisation                | (iv) James D. Mooney |

Code :

(a) (b) (c) (d)

**(1) (ii) (iv) (i) (iii)**

(2) (iv) (ii) (iii) (i)

(3) (iv) (iii) (i) (ii)

(4) (i) (ii) (iv) (iii)

18. Which among the following is not a physical barrier of communication ?

- (1) **Poor vocabulary** (2) Noise  
(3) Improper time (4) Overload information

19. Statement - I : Management control seeks to compel events to conform to plans.

Statement - II : Controlling is determining what is motivational to the employees of the organization.

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 correct

(4) Both the statements I and II are incorrect

20. Assertion (A) : Sound planning is one of the essential elements for the success of corporate entities.

Reasoning (R) : Planning is deciding in advance what is to be done. It involves the selection of objectives, policies, procedures and programmes from among alternatives.

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) Both the statements (A) and (R) are incorrect.

(4) (A) is correct but (R) is incorrect.

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

List - I	List - II
(a) Acceptability	(i) Convenience Aspect
(b) Affordability	(ii) Functional and Psychological Aspects
(c) Accessibility	(iii) Information and knowledge Aspects
(d) Awareness	(iv) Economic and Psychological Aspects

Code :

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

22. Match the items of List - I with the items of List - II which are related to dimensions of brand personality. Denote the code of correct matching.

List - I	List - II
(a) Sincerity	(i) Upper class, Charming
(b) Excitement	(ii) Reliable, Intelligent, Successful
(c) Competence	(iii) Down to earth, Cheerful, Wholesome
(d) Sophistication	(iv) Outdoors, Tough
(e) Ruggedness	(v) Spirited, Imaginative, Up-to-date

Code :

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

23. One of the techniques of stimulating creativity for developing new product where you start with an idea then thinking of the next idea and link, then think of the next association and do this with all association that come up with each new idea, is known as :

- (1) Attribute Listing  
(2) Forced Relationship  
(3) New Contexts  
(4) **Mind Mapping**

24. Statement - I : We are motivated to re-evaluate our beliefs, attitudes, opinions or values occurred at two different time.

Statement - II : The difference due to some intervention occurred at either point of time motivates us to search a newer option and thus satisfies our mind/ anxiety.

Code :

- (1) **Statement - I is correct, Statement - II is not correct.**  
(2) Statement - II is correct, Statement - I is not correct.  
(3) Both statements are correct.  
(4) Both statements are incorrect.

25. Operating Leverage and Financial Leverage of a firm are 3 and 2, respectively. If sales increase by 6%, then earnings before tax will rise by :

- (1) 18%                      (2) 12%                      **(3) 36%**                      (4) 30%

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

List - I

List - II

- |                           |                                  |
|---------------------------|----------------------------------|
| (a) Net Income Approach   | (i) Working Capital Management   |
| (b) Profitability Index   | (ii) Over- capitalisation        |
| (c) Concentration Banking | (iii) Capital Structure Planning |
| (d) Lower Rate of Return  | (iv) Capital Budgeting Decision  |

Code :

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

27. Statement - I : In payback period method, the risk of the project is adjusted by lessening the target payback period.

Statement - II : Sensitivity Analysis helps in calculation of net present value of the proposal.

Code :

- (1) **Statement - I is correct, but statement - II is wrong**  
(2) Statement - I is wrong, but statement - II is correct  
(3) Statement - I and statement - II, both are correct  
(4) Statement - I and statement - II, both are wrong

28. Dividend irrelevance argument of MM Model is based on :

- (1) Hedging                      (2) Issue of Debentures  
(3) Liquidity                      **(4) Arbitrage**

29. Match the items of List - I with List - II and indicate the correct code of their matching relating to human resource management philosophy :

List - I

List - II

- |   |  |
|---|--|
| (a) Rational System Approach                          | (i) F.W. Taylor                        |
| (b) The Ahmedabad Experiments to improve productivity | (ii) Max Weber's theory of bureaucracy |
| (c) Social System Approach                            | (iii) A.K. Rice                        |
| (d) Functional organisation concept                   | (iv) Hawthorne studies                 |

Code :

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

30. Which one of the following is not a method of deciding acceptable level of reliability or consistency of measurement in selection methods ?

- |                                  |                         |
|----------------------------------|-------------------------|
| (1) <b>Regiocentric approach</b> | (2) Split half method   |
| (3) Test related method          | (4) Expectancy diagrams |

31. Put the following steps of discrete selection process in correct sequence and select the correct code :

- (a) Preliminary interview
- (b) Completion of application blank
- (c) Background investigation
- (d) Physical examination
- (e) Employment tests
- (f) Comprehensive interview
- (g) Final employment decision

Code :

- |  |                                       |
|--|---------------------------------------|
| (1) (b), (a), (c), (d), (e), (f), (g)        | (2) (b), (a), (e), (f), (c), (d), (g) |
| <b>(3) (a), (b), (e), (f), (c), (d), (g)</b> | (4) (a), (b), (d), (c), (e), (f), (g) |



32. Match List - I with List - II relating to wage theories and its propounders and indicate the code representing correct matching :

List - I (Theory)	List - II (Propounder)
(a) Subsistence Theory	(i) Karl Marx
(b) Surplus Value Theory	(ii) Francis Walker
(c) Wage Fund Theory	(iii) David Richardo
(d) Residual Claimant Theory	(iv) Adam Smith

Code :

- (a) (b) (c) (d)  
(1) (ii) (iv) (i) (iii)  
(2) (iv) (i) (ii) (iii)  
**(3) (iii) (i) (iv) (ii)**  
(4) (iv) (ii) (iii) (i)
33. When was paper currency first started in India ?  
**(1) 1542**                      **(2) 1611**                      **(3) 1705**                      **(4) 1801**
34. 'RWA' with regard to capital adequacy stands for which one of the following ?  
(1) Risk Withdrawal Adjustments                      (2) Risk Withdrawal Arrangements  
**(3) Risk Weighted Assets**                      (4) Risk-free Weighted Assets

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

List - I	List - II
(a) Future	(i) Consists of purchase or sale of commodities in two different markets with the expectations that a future change in price in one market will be off set by an opposite change in the other market
(b) Swap	(ii) A contract in which a seller agrees to deliver an asset to a buyer at a predetermined price at some future date as privately negotiated
(c) Hedging	(iii) A contractual agreement for exchanging a stream of payments with opposite and matching needs, to reap the benefit arising due to market discrepancies
(d) Forward	(iv) A contract covering the purchase and sale of physical commodities or financial instruments for future delivery on a future exchange floor

Code :

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

36. Which of the following are the forms of e - banking ? Select the correct code.

- (a) Internet Banking
- (b) Telephone Banking
- (c) Electronic Cheque Conversion
- (d) Electronic Bill Payment
- (e) Direct Fund Transfer Through RTGS

Code :

- (1) (a), (c) and (d)
- (2) (a), (b), (c) and (d)
- (3) (b), (c) and (d)
- (4) (a), (b), (c), (d) and (e)**

37. Which one among the following has the largest share of exports from India ?

- (1) Agriculture and Allied Commodity
- (2) Gems and Jewellery**
- (3) Handicrafts
- (4) Electronic Goods

38. Which one among the following is not a part of TRIPS agreement ?

- (1) Industrial Design
- (2) Geographical Indications
- (3) Interior Design**
- (4) Layout Designs of Integrated Circuits

39. Which one among the following is not correct ?

- (1) IMF's headquarters is in Washington, D.C.
- (2) IMF has 198 countries as its members.**
- (3) IMF is an outcome of the Bretton Woods Conference.
- (4) IMF was found on July 7, 1944.

40. Statement - I : Served From India Scheme (SFIS) has been replaced with Service Exports from India Scheme (SEIS).

Statement - II : The rate of reward under SEIS would be based on net foreign exchange earned.

Code :

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

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

List - I  
(Accounting standard)

- (a) AS - 6
- (b) AS - 3
- (c) AS - 10
- (d) AS - 21

List - II  
(Relationship)

- (i) Accounting for Consolidated Financial Statements
- (ii) Accounting For Fixed Assets
- (iii) Depreciation Accounting
- (iv) Accounting For Cash Flow Statement

Code :

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

42. Which of the following statements are False ? Indicate the correct code.

- (a) RBI has prescribed guidelines for the operations of credit rating agencies in India.
- (b) All venture capital funds in India have been promoted by Government.
- (c) A mutual fund can operate as venture capital fund.
- (d) Credit rating is an authoritative guarantee regarding the credit position of a person.

Code :

- (1) (a), (b), (c) and (d)
- (2) **(a), (b) and (d)**
- (3) (a), (b) and (c)
- (4) (a) and (c)

43. Which of the following are the examples of systematic risk ? Indicate the correct code.

- (a) Elimination of Government Subsidy
- (b) Increase in Bank Rate
- (c) Labour Problem
- (d) High Levered Fund

Code :

- (1) (a), (b) and (c)
- (2) (a), (b) and (d)
- (3) **(a) and (b)**
- (4) (a) and (d)

44. Which of the following are the benefits of responsibility accounting ?

- (a) It facilitates the centralisation of decision taking.
- (b) It provides a system of closer control.
- (c) It measures the performance of individuals in an objective manner.
- (d) It develops a sense of cost consciousness among managers and their subordinates.

Code :

- (1) (a), (b) and (c)
- (2) **(b), (c) and (d)**
- (3) (a), (b) and (d)
- (4) (a), (c) and (d)

45. Which of the following statements are True ? Indicate the correct code.
- (a) Tax-shield on depreciation and interest is an important variable both for lessor and lessee.
  - (b) A lessee may evaluate the lease options as against the buying option.
  - (c) Sale and Lease-back, and leveraged lease are types of financial lease.
  - (d) Lease financing is a type of capital budgeting decision from the point of view of the lessee.

Code :

- (1) (a), (b) and (d)
- (2) (b), (c) and (d)
- (3) (a), (c) and (d)
- (4) **(a), (b) and (c)**

46. Which one of the following methods of Inflation Accounting has been proposed by Sandilands Committee of U.K ?

- (1) General Price Level Method
- (2) Specific Price Level Method
- (3) **Current Cost Accounting Method**
- (4) Generally Accepted Accounting Principles

47. Which of the following are the motives of mergers ? Indicate the correct code.

- (a) To gain the economies of scale.
- (b) To utilise under - utilised resources.
- (c) To break the monopoly.
- (d) To reduce the tax liability.

Code :

- (1) (a), (c) and (d)
- (2) **(a), (b) and (d)**
- (3) (b), (c) and (d)
- (4) (a), (b) and (c)

48. A research technique used particularly in retailing (online and offline), in which consumers are recruited by researchers to act as anonymous buyers in order to evaluate customer satisfaction, service quality and customer's own evaluation of their experiences, is known as :

- (1) Consumer Jury
- (2) Projective Technique
- (3) **Mystery Shopping**
- (4) Semiotic Research

49. Match the items of List - I with items of List - II and select the correct code of matching :

List - I

- (a) Market Leader
- (b) Market Challenger
- (c) Market Follower
- (d) Market Nicher

List - II

- (i) Avoid hostile attacks on rivals
- (ii) Attack the market leader
- (iii) Provide high level of specialisation
- (iv) Attack the market

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

50. Which of the statements are correct ? Select correct code.

Statement (I) : Opinions can be described as the slow responses we might give to opinion poll questions about any issue.

Statement (II) : Attitudes are held with a greater degree of conviction, over longer duration and more likely to influence behaviour.

Statement (III) : Values are held more strongly than attitudes and underpin our attitudinal behaviour.

Code :

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

51. Which of the following is not a major aspect of digital marketing ?

(1) Jurisdiction                      (2) Ownership                      (3) Security                      **(4) Entertainment**

52. Which of the following statements are correct ? Select the correct code.

Statement (I) : Horizontal conflict between channel members is caused due to channel members impinge on the market territory of other intermediaries at different level.

Statement (II) : Vertical conflict is caused due to intense price competition, disagreement about promotional activities, attempts to bypass intermediary and distribute direct, differing expectations as to channel or intermediary performance.

Statement (III) : Hybrid channel conflict arises due to grey marketing.

Code :

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

53. Which of the following statements are incorrect ? Indicate the correct code.

Statement (I) : As consumer's income increases, the percentage of income spent for food items decreases, for rent, fuel and light remains the same, for clothing remains the same and for sundries increases.

Statement (II) : Societal marketing period was from 1960 onwards.

Statement (III) : Our debt to social anthropology decreases more and more as we use qualitative market research approaches.

Statement (IV) : The economic concepts of perfect competition and matching of supply and demand underlie the marketing concept, particularly in relation to the concepts of the price at which goods are sold and quantity distributed.

Code :

(1) (I) and (II)                      **(2) (II) and (III)**  
(3) (II) and (IV)                      (4) (I) and (IV)

54. Which of the following statements are correct ? Indicate the correct code.

Statement (I) : Virtue ethics is a form of ethical approach associated with Aristotle which stresses the importance of developing virtuous principles, 'right' character and the pursuit of a virtuous life.

Statement (II) : Utilitarianism is an ethical approach where an action is right if, and only if, it conforms to the principle of utility, whereby utility is minimised and pain and unhappiness minimised more than any alternative.

Statement (III) : 'Deontological Ethics' is an ethical approach where rightness or wrongness of an action or decision is not judged to be based exclusively on the consequences of that action or decision.

Code :

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

55. Assertion (A) : The matter of succession planning is often deferred.

Reasoning (R) : The succession charts need utmost confidentiality.

Code :

- (1) (A) is correct and (R) is right reasoning of it.  
**(2) (A) is correct but (R) is not the correct reasoning of it.**  
(3) (A) is correct but (R) is not correct statement.  
(4) (A) is not correct while (R) is a correct statement.

56. Bethel Maine of USA was the pioneer of which one of the following Laboratory training methods of employee training ?

- (1) Transactional Analysis                      (2) Business Games  
(3) Critical Incident Technique                      **(4) T-group**

57. Which of the following statements relating to appraisal methods are not correct ? Indicate the correct code.

Statement (I) : The MBO program is built on the assumption that individuals always need not be responsible and self - directed and thus need to be motivated to work towards objectives.

Statement (II) : Forced distribution method was developed by Karl Marx.

Statement (III) : Peer evaluation and self - appraisal need to be done on well - defined parameters in check-list method.

Statement (IV) : Forced choice method consists of seven main factors on three point rating scale.

Code :

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

58. Match the main concerns of HRD sub-systems given in List - I with List - II and choose the correct code of matching :

List - I (HRD sub - systems)	List - II (Main concerns)
(a) Individual's career	(i) Competence
(b) Development of teams	(ii) Power
(c) Socialisation of organisation	(iii) Commitment and integration
(d) Management of organization	(iv) Values

Code :

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

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

List - I (Wage Theory)	List - II (Basis of determining wage)
(a) Subsistence theory	(i) Capitalists first set aside predetermined surplus income and then decide the wages
(b) Surplus value theory of wages	(ii) Growth of the population brings down to level of subsistence
(c) Wage Fund theory	(iii) Balance claimed upon the output of industry
(d) Residual Claimant theory	(iv) Natural price for labour

Code :

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

60. Statement (I) : Selection of wrong criteria during performance appraisal can result in serious dysfunctional consequences.

Statement (II) : Generally the evaluator becomes more critical about performance evaluation technique rather than which criteria need to be evaluated.

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.

61. Which of the statements are not correct ? Indicate the correct code.  
Statement (I) : Social assistance is financed by tripartite or bipartite contributions.  
Statement (II) : Social insurance ignores the income and means of liable relation.  
Statement (III) : Social assistance makes the beneficiary a first charge on the liable relations.  
Statement (IV) : Social assistance aims at to provide maximum subsistence to those who can not make it on their own.  
Code :  
(1) (I) and (II) (2) (II) and (III)  
**(3) (I) and (IV)** (4) (III) and (IV)
62. According to which one of the following theories, differences in nominal interest rates will be eliminated in the exchange rate ?  
(1) Leontief Paradox Trade Theory (2) **Fisher Effect Economic Theory**  
(3) Purchasing Power Parity Theory (4) Combined Equilibrium Theory
63. According to the Purchasing Power Parity Theory, the level of foreign exchange rate is determined by which of the following ?  
**(1) Domestic Price level (P) divided by foreign price level (P\*)**  
(2)  $P^*-P$   
(3)  $P-P^*$   
(4)  $P^*/P$
64. Match the items of List - I with List - II and choose the correct code of combination :
- | List - I   | List - II             |
|--|-----------------------|
| (a) It abolishes all restrictions on trade among the members   | (i) Common Market     |
| (b) It not only eliminates all restrictions on trade among members but also adopts a uniform commercial policy against the non-members             | (ii) Economic Union   |
| (c) It allows free movement of labour and capital within the common market   | (iii) Free Trade Area |
| (d) It achieves some degree of harmonization of nationaleconomic policies, through a common central bank, unified monetary and fiscal policy, etc. | (iv) Customs Union    |
- Code :  
(a) (b) (c) (d)  
(1) (iv) (ii) (i) (iii)  
(2) (iv) (iii) (i) (ii)  
(3) **(iii) (iv) (i) (ii)**  
(4) (ii) (i) (iv) (iii)



65. Assertion (A) : Indian companies have established subsidiaries and joint ventures in a number of countries in different manufacturing industries and service sectors.

Reasoning (R) : By restricting the areas of operations and growth, the government policy seriously constrained the potential of Indian companies to make a foray into the foreign countries.

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) Both (A) and (R) are incorrect.
- (4) (A) is correct but (R) is incorrect.

66. Statement (I) : Automatic variations in the exchange rates, in accordance with the variations in the balance of payments position, tend to automatically restore the balance of payments equilibrium.

Statement (II) : A deficiency in the balance of payments increases the exchange rate.

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.

67. Which among the following is not a correct statement ?

- (1) Designated bank refers to any bank in India, which has been authorised by the RBI to act as banker to FII.
- (2) Domestic custodian includes any person carrying on the activities of providing custodial services in respect of securities.
- (3) Sub-account includes those institutions, established or incorporated in India, whether incorporated or not, on whose behalf investments are proposed to be made in India by FIIs.**
- (4) A domestic portfolio manager or domestic asset management company shall also be eligible to be registered as FII to manage the funds of sub-accounts.

68. Identify the incorrect statement from the following :

- (1) Broken-date contract is a full - month forward contract.**
- (2) Currency arbitrage refers to making profit by buying a currency cheap in one market and selling it dear in the other market at a particular point of time.
- (3) Currency Futures Market refers to organised foreign exchange market where a fixed amount of a currency is exchanged on a fixed maturity date in the pit.
- (4) Currency Options Market refers to market for the exchange of currency where the option buyer enjoys the privilege of not exercising the option if the rate is not favourable.

69. Dividends declared by Unit Trust of India or by mutual fund is :

- (1) **Fully exempt in the hands of unit holders**
- (2) Fully taxable in the hands of unit holders
- (3) Fully exempt in the hands of individual unit holders and fully taxable in the hands of institutional unit holders
- (4) Included in the gross total income but a deduction is allowed under section 80 L

70. Match the items of List - I with the items of List - II and choose the correct answer from the code given below :

List - I (Types of Income)	List - II (Heads of Income)
(a) Salary, bonus, commission, etc. received by a working partner from the firm	(i) Income from other Sources
(b) Pension received by the widow of a government employee	(ii) Income from (short term) Capital Gains
(c) profits on the sale of machinery used in business	(iii) Income from Capital Gains
(d) Compensation received from the government on compulsory acquisition of land and profit earned	(iv) Income from Business and Profession
	(v) Income from Salaries

Code :

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

71. Which of the following will be considered as tax planning effort ?

- (a) Mr. A purchased a house for self residence of ` 80 lacs by taking a loan of ` 60 lacs from SBI at 10% interest, instead of using his own funds.
- (b) Mr. A made investment in purchasing 12% redeemable debentures of TISCO worth ` 1.50 lac
- (c) Mr. A purchased 100 gram gold biscuits of ` 2.5 Lac from SBI on the occasion of Diwali.
- (d) Mr. A invested ` 1 crore in purchasing 5 acres of agricultural land in his native village in Gaya.

Code :

- (1) (a) and (b)
- (2) (b) and (c)
- (3) (a) and (d)**
- (4) (c) and (d)

72. Assertion (A) : If the interest is payable outside India, tax must be deducted at source.  
Reason (R) : If tax has not been deducted at source, the amount paid as interest will not be allowed as a deduction in computing business income.
- Select the correct answer from the code given below :
- (1) **Both (A) and (R) are correct and (R) is the correct explanation of (A).**  
(2) (A) and (R) both are correct but (R) is not the correct explanation of (A).  
(3) (A) is correct but (R) is wrong.  
(4) (A) is wrong but (R) is correct.
73. Under the Income Tax Act, 1961 the education cess of (2% + 1%) is calculated on the amount of :
- (1) Income Tax  
(2) **Income Tax Plus surcharge (if any )**  
(3) Gross total Income  
(4) Taxable Income
74. Exemption, under Sec.54 F of the Income Tax Act, 1961, shall not be allowed if the assessee, on the date of transfer owns :
- (1) Any residential house  
(2) A residential house which is let out  
(3) A house which is self occupied  
(4) **More than one residential house**
75. The income from the sale of a machinery used in business is treated as :
- (1) Income from business and profession  
(2) **Short-term capital gain**  
(3) Long-term capital gain  
(4) Income from other sources