

1. The slope at any point on an indifference curve is known as—  
(A) marginal rate of substitution (B) the marginal rate of trade-off  
(C) the trade-off rate (D) the marginal rate of indifference (**Ans : A**)
2. Assuming there is no government or foreign sector, if the MPC is 0.8, the multiplier is—  
(A) 0.2 (B) 0.8 (C) 1.25 (D) 5 (**Ans : D**)
3. Salary payable by Government of India to an Indian Citizen for services outside India—  
(A) is not taxable in India (B) is taxable in India  
(C) is includable in total income for tax purpose (D) None of the above (**Ans : B**)
4. First of all, the Income Tax Act was passed in independent India—  
(A) in 1956 (B) in 1962 (C) in 1961 (D) in 1990 (**Ans : C**)
5. Goodwill account is a—  
(A) personal account (B) real account  
(C) nominal account (D) None of the above (**Ans : B**)
6. Which of the following should not be considered in a make or buy decision ?  
(A) Potential use of manufacturing capacity  
(B) Variable costs of production  
(C) Potential rental income from space occupied by production area  
(D) Unchanged fixed cost (**Ans : D**)
7. A firm's average total cost is Rs. 30 at 5 units of output and Rs. 32 at 6 units of output. The marginal cost of producing 6th units is—  
(A) Rs. 2 (B) Rs. 12 (C) Rs. 32 (D) Rs. 42 (**Ans : D**)
8. The function of staff in line the staff organization is—  
(A) take advice from line (B) advice the line (C) hold authority and responsibility  
(D) fix responsibility for performance of tasks in a definite manner upon certain individuals (**Ans : B**)
9. Which of the following committees examined and suggested Financial sector reforms in India—  
(A) Abid Hussain Committee (B) Bhagawati Committee  
(C) Chelliah Committee (D) Narsimham Committee (**Ans : D**)
10. In a free market economy the allocation of resources is determined by—  
(A) votes taken by customers (B) a central planning authority  
(C) by customer preference (D) levels of profits of firms (**Ans : C**)
11. Which of the following assets is usually not depreciated—  
(A) land (B) building (C) plant (D) furniture (**Ans : A**)
12. All the following are examples of profit centres within an airline except—  
(A) in flight magazine (B) merchandising  
(C) aircraft maintenance (D) ticketing (**Ans : C**)
13. A partner in a firm—  
(A) can not transfer his share to an outsider  
(B) can transfer his share to an outsider with the consent of majority partners  
(C) can transfer his share to an outsider without the consent of any other partner  
(D) can transfer his share to an outsider with the consent of all other partners (**Ans : D**)
14. The main drawback of functional organization developed by Taylor is that it fails to recognise—  
(A) downward flow of authority (B) principle of equity  
(C) principle of unity of command (D) None of the above (**Ans : C**)
15. National income in India is estimated by—  
(A) CSO (B) Finance Commission  
(C) Planning Commission (D) Indian Statistical Institute (**Ans : A**)
16. The concept of mixed economy means—  
(A) to have balanced development in the agriculture and industrial sector  
(B) simultaneous development of the rural and urban sector  
(C) to have equal distribution of wealth among the rural and urban poor  
(D) simultaneous existence of private and public sector (**Ans : D**)
17. The most important economic function of stock exchange is to—

- (A) safeguard the interest of investors (B) help in the capital formation in the country  
(C) provide facilities for speculation (D) provide a ready market for old securities (**Ans : D**)
18. Which of the following goods or services could not be provided by a pure free market economy—  
(A) public transport system (B) pension  
(C) national defence (D) education (**Ans : C**)
19. The existence of a joint stock company is interrupted by—  
(A) the death of its members (B) the death of its directors  
(C) the transfer of share by member (D) None of these (**Ans : D**)
20. Delegation of authority results in—  
(A) avoiding responsibility (B) centralisation of powers at top level  
(C) cost lines of decision (D) enabling the managers to distribute their work load (**Ans : D**)
21. The record of country's transactions in goods, services and assets with the rest of the world is its—  
(A) current account (B) balance of trade  
(C) capital account (D) balance of payment (**Ans : D**)
22. An entry to Rs. 500 was wrongly posted to wages account instead of machinery account, as wages are to be capitalized it is an error of—  
(A) clerical error (B) error of omission  
(C) error of principle (D) error of commission (**Ans : C**)
23. Table A of the companies Act can be adopted for—  
(A) Memorandum of Association (B) Articles of Association  
(C) Prospectus (D) None of the above (**Ans : B**)
24. What is the amount of gross profit or loss when—  
Cost of Goods sold = 7900  
Sales = 11000  
Purchases = 3000  
(A) Rs. 8000 (B) Rs. 4900 (C) Rs. 3100 (D) Rs. 100 (loss) (**Ans : C**)
25. X Ltd. forfeited. 30 shares of Rs. 10 each fully called up for non payment of allotment money of Rs. 3 per share and call money of Rs. 4 per share. These shares are re-issued for Rs. 8 per share fully paid. What is the amount to be transferred to capital reserve account.  
(A) Rs. 300 (B) Rs. 60 (C) Rs. 30 (D) Rs. 90 (**Ans : C**)
26. Who is called the Father of Economics?  
(A) J. M. Keynes (B) Malthus (C) Ricardo (D) Adam Smith (**Ans : D**)
27. In case of inferior goods the income elasticity of demand is—  
(A) positive (B) zero (C) negative (D) infinite (**Ans : C**)
28. According to Income Tax Act which of the following are agricultural incomes—  
(A) income from live stock breeding (B) income from poultry farming  
(C) income from cattle breeding (D) rent received from agricultural land (**Ans : D**)
29. Time series deals with—  
(A) only secular trend (B) short term fluctuation  
(C) trend, seasonal, cyclical and irregular variations (D) None of the above (**Ans : C**)
30. Opening stock Rs. 15000  
Purchases Rs. 40000  
Cost of goods sold Rs. 52000  
Sales Rs. 57000  
What is the amount of gross profit or loss—  
(A) Rs. 12000 (B) Rs. 5000 (C) Rs. 5000 (Loss) (D) Rs. 7000 (**Ans : B**)
31. Which of the following is not viewed as a national debt?  
(A) Provident Fund (B) Life insurance policies  
(C) National saving certificates (D) Long term government bonds (**Ans : C**)
32. Which of the following is an extractive industry?  
(A) Cattle breeding (B) Forest cultivation  
(C) Hunting (D) Iron and steel (**Ans : C**)
33. The burden of tax falls more heavily on the seller in a market when—  
(A) both supply and demand are elastic (B) both supply and demand are inelastic

- (C) demand is inelastic and supply is elastic (D) demand is elastic and supply is inelastic (**Ans : D**)
34. The total sum of the goods and services produced within a country in a year minus depreciation is called the—  
 (A) gross national product (B) net national product  
 (C) gross domestic product (D) net domestic product (**Ans : D**)
35. Monopolist can determine—  
 (A) price (B) output (C) either price or output (D) None of these (**Ans : C**)
36. The works manager gets commission of 10% on the profits after charging such commission. If the profit is Rs. 2200 what is the amount of commission—  
 (A) Rs. 220 (B) Rs. 200 (C) Rs. 240 (D) Rs. 244.44 (**Ans : B**)
37. The mean of the following distribution is—  
 X : 145 155 165 175  
 F : 10 12 15 10  
 (A) 159.7 (B) 160.3 (C) 162.1 (D) 165.9 (**Ans : B**)
38. The main advantage of functional organisation is—  
 (A) specialisation (B) simplicity (C) expert advice (D) experience (**Ans : A**)
39. Interest on single savings account in post office is exempt upto the following limit—  
 (A) Rs. 7000 (B) Rs. 8000 (C) Rs. 3500 (D) None of the above (**Ans : C**)
40. Share of partner in the income of partnership firm shall be—  
 (A) taxable (B) exempted (C) fully exempted (D) partially exempted (**Ans : C**)
41. Given net profit Rs. 1,50,000, preference dividend Rs. 25,000 taxes Rs. 10,000, Equity capital (Rs.10 each), Rs. 10,00,000 what is the Earning per share (EPS)—  
 (A) Rs. 1.50 (B) 0.25 (C) Rs. 1.15 (D) Rs. 1.75 (**Ans : C**)
42. The crucial determinant of the size of the market is—  
 (A) monetary expansion (B) opportunity for investors  
 (C) productivity (D) savings (**Ans : B**)
43. Mr. Pawan was born on April 18, 1986 in India and later on he took the citizenship of USA. Neither his parents nor his grand parents were born in undivided India. In this case Mr. Paw an shall be—  
 (A) person of Indian origin (B) Citizen of India  
 (C) A foreign national (D) None of the above (**Ans : C**)
44. Business means—  
 (A) Commerce (B) Industry and Commerce  
 (C) Trade and Commerce (D) Selling and buying of goods (**Ans : B**)
45. The agricultural income is exempt under the following section of IT Act—  
 (A) Section 15 (B) Section 6 (C) Section 10 (D) Section 10 (1) (**Ans : D**)
46. A firm has a variable cost of Rs. 100 at 5 units of output. If fixed cost is Rs. 40 what will be the average total cost at 5 units of output—  
 (A) Rs. 28 (B) Rs. 60 (C) Rs. 12 (D) Rs. 140 (**Ans : A**)
47. Cost volume profit analysis is based on several assumptions which of the following is not one of these assumptions—  
 (A) the sales mix of product is constant  
 (B) inventory, quantities change during the year  
 (C) the behaviour of both revenue and cost is linear throughout the relevant range  
 (D) factor prices e.g., material price and wage rates remain unchanged (**Ans : B**)
48. For which of the following purpose, share premium can be used?  
 (A) In writing off the discount on debentures of the company  
 (B) In writing off the preliminary expenses of the company  
 (C) Issuing bonus shares (D) all of the above (**Ans : D**)
49. The most appropriate measure of a country's economic growth is its—  
 (A) gross domestic product (B) net domestic product  
 (C) net national product (D) per capita real income (**Ans : D**)
50. In case of women assessee her agricultural income of Rs. 8000 shall be included in her total income if her total income is more than the following—  
 (A) Rs. 1,35,000 (B) Rs. 1,50,000  
 (C) Rs. 2,00,000 (D) Rs. 2,25,000 (**Ans : C**)

51. Given fixed long term liabilities Rs. 5,00,000 fixed assets Rs. 12,00,000, capital Rs. 8,50,000, current liabilities Rs. 2,50,000 current assets Rs. 4,00,000. Solvency ratio is—  
(A) 5: 12 (B) 5: 16 (C) 15: 17 (D) 10: 24 (**Ans : C**)
52. Which of the following is an equation?  
(A) Assets = Capital (B) Assets = Liabilities – Capital  
(C) Assets = Liabilities + Capital (D) None of the above (**Ans : C**)
53. All the following are examples of fixed costs except—  
(A) insurance fee (B) rent payments  
(C) director's fees (D) license' fees on a product sold (**Ans : D**)
54. The average value of –4, –3, 0, 3, 4 is—  
(A) –1 (B) 2 (C) 3 (D) 0 (**Ans : D**)
55. When funds from operations are Rs. 42,000 and amount of depreciation on plant and machinery is Rs. 5000. What is the amount of net profit.  
(A) Rs. 37000 (B) Rs. 42000  
(C) Rs. 47000 (D) Cannot be computed (**Ans : A**)
56. Bill discounted with a bank is—  
(A) contingent liability (B) current liability  
(C) current assets (D) None of the above (**Ans : A**)
57. Whenever data deals with speed, distance and time then the best average is—  
(A) median (B) mode (C) geometric mean (D) harmonic mean (**Ans : D**)
58. A firm which makes boats has fixed cost of Rs. 2,60,000 per month. The product sells for Rs. 35,000 per boat and the variable cost of production is Rs. 15,000 per boat. The boat yard can manufacture 20 boats each month. What is the firm's break even output?  
(A) Cannot be worked out from the data (B) 13 boats  
(C) Rs. 45,000 (D) 20 boats (**Ans : B**)
59. Interim dividend is shown—  
(A) in P and L A/c (B) in P and L appropriation A/c  
(C) on the asset side of balance sheet (D) on the liability side of the balance sheet (**Ans : B**)
60. A minor's income shall be included in the guardian assessee's income if it—  
(A) exceeds Rs. 1500 (B) Rs. 1500  
(C) minor's whole income  
(D) minor's whole income will be exempted (**Ans : A**)
61. If the investment demand curve is vertical—  
(A) both monetary and fiscal policy are ineffective  
(B) both monetary and fiscal policy are effective  
(C) monetary policy is effective but fiscal policy is ineffective  
(D) monetary policy is ineffective but fiscal policy is effective (**Ans : D**)
62. The flow of fund is said to have taken place when—  
(A) cash is paid to creditors (B) cash is received from debtors  
(C) machinery is purchased for cash (D) All of the above (**Ans : C**)
63. Sum received from sale of agricultural land shall be covered under the categories of following income—  
(A) agriculture income (B) business income  
(C) capital gain (D) None of the above (**Ans : D**)
64. Given January 1 December 31  
Assets 30,000  
Liabilities 13,000  
Capital 16,500  
Withdrawals by owner during the year are Rs. 4000. What is the amount of capital on January 1 ?  
(A) Rs. 12,500 (B) Rs. 16,500 (C) Rs. 17,000 (D) Rs. 43,000 (**Ans : C**)
65. The famous book 'General and Industrial Management' was written by—  
(A) Henry Fajol (B) Koontz and O'donnel  
(C) Oliver Sheldon (D) Mary Parker Follet (**Ans : A**)
66. Median of discrete even series is given by—  
(A)  $[(n + 1)/2]$ th value (B)  $n/2$ th value

(C) 5th value (D)  $[(n + 1) / 4]$ th value (**Ans : A**)

67. To obtain the break even point in rupee sales value, total fixed costs are divided by–

- (A) variable cost per unit (B) contribution margin per unit  
(C) fixed cost per unit (D) profit/volume ratio (**Ans : D**)

68. What is the slope of AR (Average revenue) curve in monopoly?

- (A) Downward from left to right (B) Upward from left to right  
(C) Horizontal straight line (D) Vertical straight line (**Ans : A**)

69. When capital in the beginning is Rs. 10,500, drawings during the year Rs. 6,500 and fresh capital introduced Rs. 3,500. What is the amount of capital at the end assuming no profit or loss.

- (A) Rs. 7,500 (B) Rs. 13,500 (C) Rs. 20,500 (D) Rs. 5,00 (**Ans : A**)

70. Which of the following are current liabilities?

- (A) Outstanding wages (B) Redeemable preference shares  
(C) Provision for depreciation on machinery (D) Share premium (**Ans : A**)

71. Share forfeited account is shown on the liability side of the balance sheet–

- (A) under the heading 'Reserve and surplus' (B) by adding to the paid up capital  
(C) under the heading 'current liabilities and provision' (D) None of the above (**Ans : B**)

72. When capital at Jan. 01 Rs. 19,400, capital at December 31 Rs. 21,500, drawings Rs. 4,300. What is the amount of profit or loss?

- (A) Rs. 2,200 (profit) (B) Rs. 2,200 (loss)  
(C) Rs. 6,400 (profit) (D) Rs. 6,400 (loss) (**Ans : C**)

73. A company redeemed its preference share capital Rs. 2,00,000 for which purpose it raised equity capital of Rs. 1,50,000. It also issued bonus shares of the value of Rs. 1,00,000. These transactions will have the net effect on the flow of funds is follows–

- (A) no effect on the flow of funds  
(B) net increase in working capital Rs. 50,000  
(C) net decrease in working capital Rs. 50,000 (D) None of the above (**Ans : C**)

74. Consumer surplus is the area in graph–

- (A) below the demand curve and above price line  
(B) above the supply curve and below price line  
(C) above the demand curve and below the price line  
(D) below the demand curve and above the supply curve (**Ans : A**)

75. The term 'funds' as used in 'funds flow statement' means–

- (A) cash (B) current assets (C) current liabilities (D) working capital (**Ans : D**)