

ENTRANCE EXAMINATION FOR ADMISSION, MAY 2011.

M.Phil./Ph.D. (COMMERCE)

COURSE CODE : 243/105

Register Number :

Signature of the Invigilator
(with date)

COURSE CODE : 243/105

Time : 2 Hours

Max : 400 Marks

Instructions to Candidates :

1. Write your Register Number within the box provided on the top of this page and fill in the page 1 of the answer sheet using pen.
2. Do not write your name anywhere in this booklet or answer sheet. Violation of this entails disqualification.
3. Read each question carefully and shade the relevant answer (A) or (B) or (C) or (D) in the relevant box of the ANSWER SHEET using HB pencil.
4. Avoid blind guessing. A wrong answer will fetch you -1 mark and the correct answer will fetch 4 marks.
5. Do not write anything in the question paper. Use the white sheets attached at the end for rough works.
6. Do not open the question paper until the start signal is given.
7. Do not attempt to answer after stop signal is given. Any such attempt will disqualify your candidature.
8. On stop signal, keep the question paper and the answer sheet on your table and wait for the invigilator to collect them.
9. Use of Calculators, Tables, etc. are prohibited.

1. The sampling distribution refers to
 - (A) The distribution of the various sample sizes which might be used in a given study
 - (B) The distribution of the different possible values of the sample mean together with their respective probabilities of occurrence
 - (C) The distribution of the values of the items in the population
 - (D) The distribution of the values of the items actually selected in a given sample

2. If the correlation between body weight and annual income were high and positive, we could conclude that
 - (A) High incomes cause people to eat more food.
 - (B) Low incomes cause people to eat less food.
 - (C) High income people tend to spend a greater proportion of their income on food than low income people, on average.
 - (D) High income people tend to be heavier than low income people, on average.

3. Which of the following is not a necessary assumption underlying the use of the Analysis of Variance technique?
 - (A) The samples are independent and randomly selected.
 - (B) The populations are normally distributed.
 - (C) The variances of the populations are the same.
 - (D) The means of the populations are equal.

4. What is Euro bond?
 - (A) A bond issued in a currency other than the currency of the country or market in which it is issued.
 - (B) A bond issued in Europe market.
 - (C) A bond which can converted in to American bond.
 - (D) A bond which is issued in the host market.

5. Gordon model is related with

(A) Fund	(B) Reserve	(C) Capital	(D) Dividend
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6. If a negative value appear in the solution values (X_B) column of the simplex table, then

(A) The solution is optimal	(B) The solution is infeasible
(C) The solution is unbounded	(D) (A) and (B)

7. Network model have advantage in terms of project
 (A) Planning (B) Scheduling (C) Controlling (D) (A) and (B)
8. The normal distribution is a
 (A) Discrete distribution (B) Continuous distribution
 (C) Positively skewed distribution (D) None of the above
9. If problems (P) and (Q) are dual of each other, what are a, b, and c?
 (P) $\max 2x_1 + ax_2$ subject to $\begin{cases} 2x_1 + x_2 \leq 3 \\ bx_1 + 2x_2 \leq c \end{cases}, x_1, x_2 \geq 0$
 (Q) $\min 3u_1 + 4u_2$ subject to $\begin{cases} 2u_1 + 4u_2 \geq 2 \\ u_1 + 2u_2 \geq 5 \end{cases}, u_1, u_2 \geq 0$
 (A) (a, b, c) = (5, 4, 4) (B) (a, b, c) = (4, 5, 4)
 (C) (a, b, c) = (4, 4, 5) (D) (a, b, c) = (5, 5, 4)
10. Zero interest rate bond are sold at
 (A) Discount (B) Premium (C) Face value (D) None of all
11. MAT provision is applicable to
 (A) Company (B) HUF
 (C) Partnership firm (D) AOP
12. For which kinds of business Tonnage Tax is applicable
 (A) Shipping business (B) Software business
 (C) Textile business (D) None of the above
13. The present rate of SLR & CRR are
 (A) 15%, 5% (B) 25%, 5.5% (C) 25%, 4.5% (D) 30%, 6%
14. Arbitrage is
 (A) Buying and selling in two markets simultaneously
 (B) A rate of interest
 (C) A Fee
 (D) A dispute

15. The term Allonge refers to
- (A) The sheets of paper used in writing a deed
 - (B) The stamps affixed on document
 - (C) A sheet of paper attached to mortgage deed for the purpose of witness
 - (D) A sheet of papers attached to a negotiable instrument for the purpose of making endorsement thereof when there is no space in the instrument
16. The provision of Consumer Protection Act, 1986 are applicable to the services rendered by the Banks
- (A) To the customers of the bank only
 - (B) To the customers and the users of services irrespective of against consideration or free services
 - (C) To the customers and any user of Bank's services against consideration
 - (D) None of these
17. Banking Ombudsman means
- (A) Person appointed to recover dues from defaulting borrowers
 - (B) A person to whom customer can approach for redressal of his grievances
 - (C) A person appointed to settle dispute between employees and management
 - (D) A person appointed by RBI to oversee the functioning of Foreign Banks
18. Who is authorized to permit premature closure of PPF A/c?
- (A) RBI
 - (B) Ministry of finance Department of Economic affairs
 - (C) Chairman of concerning Bank
 - (D) None of these
19. How many foreign Banks are operating in India?
- (A) 30
 - (B) 25
 - (C) 20
 - (D) 35
20. Who is authorized to issue coin in India?
- (A) RBI
 - (B) Ministry of Finance
 - (C) SBI
 - (D) None of these
21. The minimum Capital Adequacy Ratio currently fixed by RBI for Banks is
- (A) 12%
 - (B) 10%
 - (C) 9%
 - (D) 11%

22. At what frequency can Banks pay interest on Saving Bank Account as per RBI guidelines
 (A) Monthly (B) Quarterly (C) Half Yearly (D) Yearly
23. What action is taken if one of the customers tenders forged note?
 (A) He is sent to prison
 (B) Note is returned with remark, forged note
 (C) Note is impounded
 (D) Note is torn
24. A contract of insurance is a contract of
 (A) Indemnity (B) Pledge
 (C) Guarantee (D) Hypothecation
25. The VSAT communication network for banks and financial institutions launched by RBI is known as
 (A) SWIFT (B) SBI NET (C) BANK NET (D) INFINET
26. Interest rate risk is a type of
 (A) Credit risk (B) Market risk
 (C) Operational risk (D) All the above
27. Which of the following statement is correct?
 (A) Foreign Exchange markets are localized markets.
 (B) Foreign Exchange markets operate within a country's time zone.
 (C) Foreign Exchange markets are dynamic and round the clock markets.
 (D) Foreign Exchange markets are used only for trade related transactions.
28. Intellectual Property Laws can protect
 (1) Trademarks (2) Copyright
 (3) Patents (4) Customer loyalty
 (A) (2) only (B) (3) only
 (C) (1), (2) and (3) (D) (1), (2), (3) and (4)
29. Corporate governance is the system by which companies are directed and
 (A) Planned (B) Reviewed
 (C) Managed (D) Controlled

30. Which of the following is not included under qualities of optimum capital structure?
- (A) Minimum profit (B) Minimum cost of capital
(C) Maximum control (D) Minimum risk
31. Grameen bank and micro credit are associated with
- (A) Manmohan singh (B) Bill gates
(C) Md. Yunus (D) A.S. Suki
32. The portion of the share capital which cannot be called up except on the winding up is known as
- (A) Called up capital (B) Paid up capital
(C) Authorized capital (D) Reserve capital
33. In a perfectly competitive market, the firm will be
- (A) A price maker
(B) A price taker
(C) Restricting entry of other firms
(D) Producing a product which will be different from its competitors
34. The essential condition of equilibrium under price discrimination is
- (A) $MR_a = MR_b = MC$ (B) $MR_a = MR_b < MC$
(C) $MR_a = MR_b > MC$ (D) $MR_a > MR_b > MC$
35. If income elasticity of demand is greater than unity, the commodity is
- (A) A necessity (B) An inferior good
(C) A luxury goods (D) None of these
36. A partner has an implied authority to
- (A) Acquire immovable property on behalf of the firm
(B) Enter into a partnership on behalf of firm
(C) To borrow money on behalf of the firm
(D) None of these
37. Largest mutual fund business in India is in the hands of
- (A) Canara bank (B) Tata finance company
(C) Unit trust of India (D) State bank of India

38. Approval for operating a mutual fund scheme has to be obtained from
(A) Securities and Exchange Board of India
(B) Reserve Bank of India
(C) Government of India
(D) Unit Trust of India
39. Purchase and sale of shares before or after official trading hours of stock exchange is known as
(A) Margin trading (B) Short selling or short buying
(C) Kerb trading (D) Hammering
40. Forward contracts are _____ contracts.
(A) Multilateral (B) Tri-lateral
(C) Future (D) Bilateral
41. Nifty consists of securities having _____ market capitalization stocks.
(A) large (B) small
(C) medium (D) large and small
42. The only way an investor can manage risks in the underlying cash market is by
(A) Hedging in the futures market (B) Speculating in the futures market
(C) Speculating in the options market (D) All of the above
43. An option contract which will not be exercised on the expiry date is
(A) An in-the-money option (B) A deep in-the-money
(C) An out-of-the-money option (D) None of the above
44. Speculator is a person
(A) who evaluates the performance of the company
(B) who uses his own funds only
(C) who is willing to take high risk for high return
(D) who considers here says and market behaviors
45. The certificate which evidences an unsecured corporate debt of short-term maturity is
(A) Short-term loan certificate (B) Certificate of deposit
(C) Inter-bank participation certificate (D) Commercial paper

46. The odd man in the following is
 (A) Commercial paper (B) Share certificate
 (C) Certificate of deposit (D) Treasury bill.
47. The process of managing the sales ledger of a client by a financial service company is called
 (A) Forfeiting (B) Factoring
 (C) Leasing (D) Securitization of debt
48. The security return is calculated by (Pt-today's price, Po yesterday's price)
 (A) $\frac{P_0 - P_t}{P_0}$ (B) $\frac{P_0 - P_t}{P_t}$ (C) $\frac{P_t - P_0}{P_0}$ (D) $\frac{P_t - P_0}{P_t + P_0/2}$
49. The value of the bond depends on
 (A) The coupon rate (B) Years to maturity
 (C) Expected yield to maturity (D) All the above
50. A stock of Rs 10 face value has declared 35% dividend for the current year. The stock is currently selling for Rs 40. What is its dividend yield?
 (A) 35% (B) 70% (C) 8.75% (D) 8.5%
51. The inflation free instrument is
 (A) Option bond (B) Index-linked gilt bond
 (C) Leasing (D) Deep discount bond
52. Asset generally not suitable for securitization is
 (A) Receivables from Government Department
 (B) Trade receivables
 (C) Hire Purchase finance receivables
 (D) Mortgage loans.
53. A man saves every year Rs. 4,000 and invests it at the end of the year at 10 per cent per annum compound interest. Calculate the total amount of his savings at the end of the third year
 (A) 13,260 (B) 13,230
 (C) 13,240 (D) 13,250

54. If A and B are sharing profits in the ratio of 3 : 2, admit C to one-third share in the future profit, the profit-sharing ratio will be
- | | A | B | C |
|-----|---------------|------|------|
| (A) | 2/5 | 4/15 | 1/3 |
| (B) | 3/5 | 2/5 | 2/15 |
| (C) | 4/15 | 3/15 | 2/15 |
| (D) | None of these | | |
55. Subscriptions receivable at the beginning and end of the year are Rs. 2000 and Rs. 3000 respectively. Income and Expenditure accounts show subscriptions at Rs. 20,000. The amount shown in receipt and payment account under subscriptions account
- (A) Rs. 19,000 (B) Rs. 23,000 (C) Rs. 22,000 (D) Rs. 18,000
56. Merchant bankers are
- (A) Financial Brokers (B) Financial Intermediaries
(C) Credit Appraisers (D) Underwriters
57. The NSE – Nifty's base period is
- (A) 1992 (B) 1993 (C) 1994 (D) 1995
58. 'Research methods'
- (A) Is a term used to refer to all aspects of the implementation of methods
(B) Are the procedures a researcher uses to gather information
(C) Are a set of abstract concepts together with propositions about they are related.
(D) None of the above
59. The process of selecting a subset of a population for a survey is known as:
- (A) Survey research (B) Representation
(C) Triangulation (D) Sampling
60. Which of the following is not one of the seven major parts to the research report?
- (A) Results (B) Abstract (C) Method (D) Footnotes
61. A formal statement of the research question or "purpose of research study" generally
- (A) Is made prior to the literature review
(B) Is made after the literature review
(C) Will help guide the research process
(D) All of the above

62. In case the nominee dies before the policy matures for payment, the policy money shall be payable to the
 (A) Legal representative of nominee (B) Assured
 (C) Legal representative of assured (D) Either (B) or (C)
63. The unit banking system is prevalent in
 (A) Canada (B) Great Britain
 (C) USA (D) India
64. The regulatory authority for the activities of merchant bankers in India is
 (A) RBI (B) Ministry of Finance
 (C) SEBI (D) Indian Banks Association
65. The note-issue system in India is based on
 (A) Gold Deposit System (B) Minimum Reserve System
 (C) Proportional Reserve System (D) Simple Deposit System
66. Depletion is a term used for writing off
 (A) Intangible Assets (B) Wasting Assets
 (C) Fictitious Assets (D) Contingent Assets
67. Which one of the following is not subject to wealth tax
 (A) Individual (B) HUF (C) Firm (D) Company
68. 'Window dressing' is associated with
 (A) Current ratio (B) Quick ratio
 (C) Debt - Equity ratio (D) Proprietary ratio
69. Receipts and expenditure on capital account is prepared by
 (A) Non trading concerns (B) Insurance companies
 (C) Electricity supply companies (D) Holding companies
70. In a bullish market it is better to buy shares whose beta is
 (A) More than 1 (B) Less than 1 (C) Equal to 1 (D) Negative
71. Dividend stripping is a term applicable to
 (A) Mutual funds (B) Income from other sources
 (C) Venture capital funds (D) Growth companies

72. 'A bird in the hand' approach is associated with
 (A) Gordon's model (B) Walter's model
 (C) MM Hypothesis (D) Lintner's model
73. Lev Schwartz Model is a popular model followed in
 (A) Social Accounting (B) Human Resource Accounting
 (C) Inflation Accounting (D) Hedge Accounting
74. In inflation accounting a distinction is to be made between monetary items and non-monetary items under
 (A) CPP method (B) CCA Method
 (C) Hybrid method (D) All the above
75. Operating lease is favoured by the lessee in respect of assets which depreciate in value on account of
 (A) Wear and tear (B) Efflux of time
 (C) Obsolescence (D) Exhaustion
76. Currency Swaps is a method of
 (A) Speculating in foreign exchange
 (B) Making money by banks
 (C) Providing arbitrage opportunities
 (D) Hedging against foreign exchange risks
77. Who started an agitation to draw the attention of the Government to deplorable condition of women and child labour in Indian Industry?
 (A) Mr. Sorabjee Shapurjee (B) Madan Mohan Malviya
 (C) Smith and Walker (D) Richard B. Frantzerb
78. "Cost of capital is the rate of return the firm requires from investment in order to increase the value of the firm in the market rate". This statement defined by
 (A) Solomon Ezra (B) Hampton John. J
 (C) M.H. Spencer (D) T.G. Ghok
79. The cost of depreciation fund is calculated according to
 (A) Opportunity Cost Theory (B) Maximum Cost Theory
 (C) M.M. Theory (D) Swat'z Model

80. A company secretary is appointed by
 (A) The Government (B) Debenture holder
 (C) The Board of Directors (D) Shareholders
81. Financial derivatives mainly used for
 (A) Speculative activities (B) Creating more risk
 (C) Hedging risks (D) Earning income
82. Analysis of Variance techniques was developed by
 (A) Goset (B) Karl Pearson
 (C) R.A. Fisher (D) Laplace
83. Student 't' test is applied
 (A) When sample size is more than 100
 (B) When sample size is 50
 (C) When sample size is more than 30
 (D) When sample size is less than 30
84. SWOT is used for
 (A) Planning (B) Organization
 (C) Motivating (D) Controlling
85. "Decision tree" in a business enterprises
 (A) Improve organizational effectiveness
 (B) Reduces the work load of employees
 (C) Enhances workers participation in management
 (D) None of the above
86. The situation in which a seller takes the maximum price which the customer is willing to pay for the product is called
 (A) Skimming price (B) Penetration price
 (C) Discount price (D) Moderate price
87. Which of the following is a spontaneous source of financing working capital?
 (A) Trade credit (B) Letter of credit
 (C) Cash credit (D) Overdraft

88. Issue of bonus shares does not affect
- (A) Capital structure of the company
 - (B) Earnings of the shareholder
 - (C) Wealth of the shareholders
 - (D) All the above
89. Clear profit is a concept applicable to
- (A) Insurance companies
 - (B) Public utility companies
 - (C) Banking companies
 - (D) Petroleum companies
90. Spread is the difference between
- (A) Buying and selling rate
 - (B) Rates in two different markets
 - (C) Buying rate of two different dealers
 - (D) Exchange rate difference between official and unofficial dealers
91. The ratio of riskless cash flow to risky cash flow is known as
- (A) Coefficient of variation
 - (B) Certainty equivalent coefficient
 - (C) Risk adjusted discount ratio
 - (D) Sensitivity ratio
92. A growth company is one where
- (A) $r = K_e$
 - (B) $r < K_e$
 - (C) $r > K_e$
 - (D) none
93. Which of the following is a diversifiable risk?
- (A) Inflation risk
 - (B) Interest rate risk
 - (C) Market risk
 - (D) Business risk
94. If coefficient of determination is 0.49 the coefficient of correlation is
- (A) 0.49
 - (B) 0.7
 - (C) 0.07
 - (D) Cannot be determined

95. High P/E ratio stocks are
- (A) Value stock (B) Growth stock
- (C) Speculative stock (D) None of the above
96. With change in mean, standard deviation remaining the same, the normal curve
- (A) Shifts along the X axis (B) Changes the shape
- (C) Becomes symmetrical (D) Becomes asymmetrical
97. Which of the following is correctly matched?
- (A) Pictogram – oral presentation of data
- (B) Histogram – graphic presentation of data
- (C) Histogram – diagrammatic presentation of data
- (D) Cartogram – diagrammatic and graphic presentation of data
98. The tests suggested by fishers for a good index is
- (A) Time reversal test only (B) Factor reversal test only
- (C) Time reversal and factor reversal test (D) None of these
99. A normal curve is completely defined by the
- (A) Mean and standard deviation (B) Mean and mean deviation
- (C) Mean and quartile deviation (D) None of the above
100. In a moderately a symmetrical distribution
- (A) $AM > GM > HM$ (B) $AM \geq GM \geq HM$
- (C) $AM < GM < HM$ (D) $AM \leq GM \leq HM$
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