

SET 2013
PAPER – III
COMMERCE

Signature of the Invigilator

Question Booklet No.

1.

OMR Sheet No..

Subject Code

ROLL No.

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Time Allowed : 150 Minutes

Max. Marks : 150

No. of pages in this Booklet : 11

No. of Questions : 75

INSTRUCTIONS FOR CANDIDATES

1. Write your Roll No and the OMR Sheet No in the spaces provided on top of this page.
2. Fill in the necessary information in the spaces provided on the OMR response sheet.
3. This booklet consists of seventy five (75) compulsory questions each carrying 2 marks.
4. Examine the question booklet carefully and tally the number of pages/questions in the booklet with the information printed above. **Do not accept a damaged or open booklet.** Damaged or faulty booklet may be got replaced within the first 5 minutes. Afterwards, neither the Question Booklet will be replaced nor any extra time given.
5. Each Question has four alternative responses marked (A), (B), (C) and (D) in the OMR sheet. You have to completely darken the circle indicating the most appropriate response against each item as in the illustration.



6. All entries in the OMR response sheet are to be recorded in the original copy only.
7. Use only Blue/Black Ball point pen.
8. Rough Work is to be done on the blank pages provided at the end of this booklet.
9. If you write your Name, Roll Number, Phone Number or put any mark on any part of the OMR Sheet, except in the spaces allotted for the relevant entries, which may disclose your identity, or use abusive language or employ any other unfair means, you will render yourself liable to disqualification.
10. You have to return the Original OMR Sheet to the invigilators at the end of the examination compulsorily and must not carry it with you outside the Examination Hall. **You are, however, allowed to carry the test booklet and the duplicate copy of OMR Sheet** on conclusion of examination.
11. Use of any calculator, mobile phone or log table et(C) is strictly prohibite(D)
12. **There is no negative marking.**

09-13

COMMERCE

PAPER – III

Note: This paper contains **seventy five (75)** objective type questions of **two (2)** marks.

All questions are compulsory.

1. Accounting Standard on “The Effect of Changes in Foreign Exchange Rates” is :
 - (A) AS-11
 - (B) AS-17
 - (C) AS-21
 - (D) AS-14
2. Which of the following is not an Accounting Concept ?
 - (A) Matching Concept
 - (B) Dual Aspect Concept
 - (C) True and Fair Concept
 - (D) Going Concern Concept
3. The first Mutual Fund Scheme in India was introduced by :
 - (A) Government of India
 - (B) Reserve Bank of India
 - (C) Unit Trust of India
 - (D) State Bank of India
4. Sale of securities after the trading hours of the stock exchange is known as :
 - (A) Stop loss
 - (B) Kerb trading
 - (C) Profit taking
 - (D) Short selling
5. If a company sells its receivable to another party to raise funds, it is known as :
 - (A) Securitization
 - (B) Factoring
 - (C) Pledging
 - (D) Hedging
6. Human personality is composed of :
 - (A) Education, Income and Health
 - (B) Education, Individual’s Ego and Health
 - (C) Instinct, Ego and Education
 - (D) Id, Ego and Super Ego
7. ‘Culture’ may be defined as :
 - (A) The collective programming of mind
 - (B) The behaviour of individuals
 - (C) A process of thinking
 - (D) A process of thinking and acting accordingly
8. A product is a thing which is :
 - (A) Produced
 - (B) Produced and marketed
 - (C) A need satisfying entity
 - (D) None of the above
9. Two features of the message of an advertisement are :
 - (A) Message sidedness and order of presentation
 - (B) Message structure and conclusion
 - (C) Message appeal and conclusion
 - (D) Message structure and message appeal

10. Match the following using the given codes :

Column I

Column II

- | | |
|--|---|
| i. 'What the traffic can Bear' pricing | a. Low introductory price to capture the market |
| ii. Skimming pricing | b. Maximum price which the customers are willing to pay under certain situation |
| iii. Penetration pricing | c. High price and high profit at early stage of marketing |

Codes :

- (A) i-a, ii-b, iii-c
- (B) i-b, ii-c, iii-a
- (C) i-c, ii-b, iii-a
- (D) i-c, ii-a, iii-b

11. Match the following :

Column I

Column II

Books and concepts

Authors

- | | |
|-------------------------|----------------------------------|
| a. Ganes People Play | i. Eric Berne |
| b. I am OK, you are OK | ii. Kurt Lewin |
| c. Johari Window | iii. Thomas A-Harris |
| d. Force Field Analysis | iv. Joseph Luft and Harry Ingham |

Codes :

- (A) ii-a, i-b, iv-c, iii-d
- (B) i-a, iii-b, iv-c, ii-d
- (C) iv-a, ii-b, iii-c, i-d
- (D) iii-a, i-b, ii-c, iv-d

12. A person is qualified to be chosen as a member of the executive or any other office bearer of the registered trade union if he attains the age of :

- (A) Fifteen years
- (B) Eighteen years
- (C) Twenty one years
- (D) Twenty five years

13. Workers do join trade unions ; find out the incorrect reason out of the following :

- (A) To attain economic security
- (B) To improve bargaining power
- (C) To ventilate grievances
- (D) To satisfy family needs

14. Which authors have given the concept of 'core competence'?

- (A) Sumantra Ghosal and C.A. Barlett
- (B) T. Deal and A. Kennedy
- (C) C.K. Prahalad and G. Hamel
- (D) C.A. Forehand and F.W. Taylor

15. Power distance, uncertainty avoidance, individualism and masculinity as diversions of cross-cultural comparative model is given by :

- (A) Kluckhohn and Strodtbeck
- (B) G. Hofstede
- (C) A. Lauvent
- (D) Hall and Trompenarr

16. Petrodollar implies :

- (A) Dollar earnings of the OPEC countries
- (B) Dollar spent by the U.S.A. for oil import
- (C) Dollar spent by the OPEC countries
- (D) Oil price in terms of dollar value

17. In the foreign exchange market spread is defined as :

- (A) The difference between spot and futures rates
- (B) The difference between spot and options rates
- (C) The difference between call option and put option prices
- (D) The difference between selling price and buying price of a currency quoted by a bank

18. If F and S be the forward and spot prices of pounds, and i_{uk} and i_{us} be the U.K. and U.S. interest rates respectively, then the covered interest parity is :

- (A) $(1+i_{uk}) = (F/S) (1+i_{us})$
- (B) $(1+i_{us}) = (F/S) (1+i_{uk})$
- (C) $(1+i_{uk}) = (S/F) (1+i_{us})$
- (D) $(1+i_{us}) = (S/F) (1+i_{uk})$

19. Buying a call option on dollar means :
- Acquiring the right, but not obligation, to sell dollar in future
 - Bearing the obligation, but not right, to sell dollar in future
 - Acquiring the right, but not obligation, to buy dollar in future
 - Bearing the obligation, but not right, to buy dollar in future
20. According to the purchasing power parity, the level of foreign exchange rate is determined by :
- Domestic price level (P) divided by foreign price level (P*)
 - P^*/P
 - $P - P^*$
 - $P^* - P$
21. ABC In C. is a US Company with its headquarter in New York and all types of its business are carried out in India. All the shares issued by the company are held by Indian investors. During the previous year 2012-13, all its Board Meetings were held at its Headquarter. The residential status of the company for the assessment year 2013-14 as per the Income Tax Act 1961 is :
- Non-Resident in India
 - Resident in India
 - Resident but not ordinarily resident in India
 - Resident and ordinarily resident in India
22. For the assessment year 2013-14, a domestic company is liable to pay :
- No surcharge for any amount of net income
 - No surcharge if net income does not exceed Rs.1 crore
 - No surcharge if net income does not exceed Rs.10 crore
 - No surcharge if net income does not exceed Rs. 50 crore
23. Salary received by a partner from the partnership firm is assessable under the head :
- Salaries
 - Income from Other Sources
 - Profits and Gains of Business or Profession
 - Salaries and also Income from Other Sources
24. An employee of a non-government company (not covered by the Payment of Gratuity Act, 1972) receives Rs.14,25,000/- as gratuity. He retires on 26-10-2012 after service of 28 years 9 months. His average monthly salary of 10 months immediately preceding the retirement is Rs.52560/- The amount of gratuity exempted from tax U/S 10(10) is :
- Rs.14,25,000/-
 - Rs.7,35,840/-
 - Rs.10,00,000/-
 - Rs. 15,25,000/-
25. Mr. Venkat purchases a self-occupied house property for which he borrows Rs.10 Lacs before 01-04-1999. During the previous year 2012-13 he pays interest of Rs.2,10,000/- on such loan. The deduction u/S 24(b) available to him for computation of income from house property is :
- Rs.2,10,000/-
 - Rs.1,50,000/-
 - Rs.30,000/-
 - Rs.25,000/-
26. Under the provisions of AS-19 'Leases', a leased asset is shown in the balance sheet of :
- Manufacturer
 - Lessor
 - Lessee
 - Financing bank
27. An aggressive share would have a beta :
- Equal to zero
 - Greater than one
 - Less than zero
 - Equal to one

28. Break-even of a call option occurs when spot price is equal to :
- Strike Price + Premium
 - Strike Price – Premium
 - Strike Price +2 Premium
 - Strike Price – 2 Premium
29. Which of the following is a case of ‘Spin off’ ?
- Assets sold in the market
 - A division converted into a company
 - Assets transferred to lenders
 - Assets purchased by the Company
30. Which funds do not have a fixed date of redemption ?
- Open ended funds
 - Close ended funds
 - Diversified funds
 - Non-diversified funds
31. An advertisement involves major decisions relating to _____ Ms.
- Two
 - Three
 - Four
 - Five
32. Decomposition of the market done on the basis of quantity of purchase is known as :
- Geographic segmentation
 - Demographic segmentation
 - Volume segmentation
 - Psychographic segmentation
33. Total product personality is composed of :
- Material, labour and capital
 - Material, advertisement and colour
 - Certain meaning and images reflected through various components of product
 - Material, colour and brand name
34. The ratio between promotional expenditure and sales becomes highest when the firm needs to :
- Inform potential customers
 - Induce product trial
 - Secure distribution in retail-outlets
 - All of the three above
35. Improvement of existing quality, addition of new features and styles take place rapidly at the :
- Introductory stage of the product
 - Maturity stage of the product
 - Growth stage of the product
 - Decline stage of the product
36. Management development is concerned with learning of :
- Mechanical skills
 - Specific job skills
 - Conceptual and creative skills
 - All of the above
37. Which one of the following is not an interpersonal role as identified by Henry Mintzberg ?
- The Figure-head Role
 - The Leader Role
 - The Liaison Role
 - The Resource-allocator Role
38. ‘People should be regarded as assets rather than variable costs’ was emphasised in :
- Personnel Management
 - Human Resource Management
 - Personnel Administration
 - Public Administration
39. ‘Managers subscribing to assumption attempt to structure, control and closely supervise their employees’ is the essence of :
- Theory ‘X’
 - Theory ‘Y’
 - Both Theory ‘X’ and Theory ‘Y’
 - Neither Theory ‘X’ and Theory ‘Y’

40. Who among the following advocated the Trusteeship Theory of Trade Union ?
- (A) N. M. Lokhande
(B) B. P. Wadia
(C) G. L. Nanda
(D) M. K. Gandhi
41. If $(i-i^*)$ be the nominal interest differential and ΔS_t^e be the expected change in the exchange rate, then the exchange risk premium is :
- (A) $\Delta S_t^e + (i-i^*)$
(B) $\Delta S_t^e - (i-i^*)$
(C) $(i - i^*) - \Delta S_t^e$
(D) $\Delta S_t^e \pm (i-i^*)$
42. The overshooting model of the exchange rate states that :
- (A) Percentage undervaluation of the exchange rate is independent of the real interest differential
(B) Percentage undervaluation of the exchange rate is dependent on the real interest differential
(C) Percentage overvaluation of the exchange rate is independent of the real interest differential
(D) Percentage appreciation of the exchange rate positively depends on the real interest differential
43. The management style of a multinational enterprise may be :
- (A) Only Ethnocentric
(B) Only Geocentric
(C) Both Ethnocentric and Geocentric
(D) Either Ethnocentric or Geocentric or Polycentric
44. Economic exposure to an M.N.C is the problem of impact (on its competitive position) of :
- (A) Unanticipated changes in real exchange rates
(B) Anticipated changes in real exchange rates
(C) Unanticipated changes in only nominal exchange rates
(D) Anticipated changes in only nominal exchange rates
45. The main internal organizational and industrial reason for an MNC to go abroad is :
- (A) Exploiting the competitive advantage of nations
(B) Exploiting worldwide market imperfections
(C) Exploiting the opportunities for globalization
(D) Exploiting the macroeconomic imperatives for liberalization
46. Depreciated value of a block of assets (with 10% rate of depreciation) at the beginning of the previous year 2012-13 is Rs.100 lacs. Cost of an asset belonging to the same block purchased during 2012-13 is Rs.30 lacs. All assets including the new one are sold on 28-03-2013 for Rs.125 lacs. The amount of depreciation allowance U/S 32 is here :
- (A) Rs.13 lacs
(B) Rs.0.50 lacs
(C) Nil
(D) No depreciation but short term capital loss of Rs. 5 lacs
47. A Hindu Undivided Family acquire a residential house at Mumbai for Rs. 3,00,000/- on 1-4-2012. The family undergoes complete partition on 1-8-2012 and the house is allotted to Mohan, a member of the family. Mohan sells the house on 31-3-2013 for Rs. 5,80,000/- . The fair market value of the house on the date of partition is Rs. 4,00,000/-. The amount of short term capital gain in the hands of Mohan is :
- (A) Rs.1,80,000/-
(B) Rs. 2,80,000/-
(C) Rs.1,00,000/-
(D) Nil
48. Dividend paid by an Indian company to its shareholders are taxable in India :
- (A) In the hands of the recipients
(B) In the hands of the company paying dividend
(C) In the hands of neither recipients nor company but the company is liable to pay dividend distribution tax
(D) In the hands of both the recipients and the company paying dividend

49. Mr. Zafar is a tax consultant. During the year ended 31-03-2013 he earns Rs.40,000/- from teaching of Income Tax as a part time lecturer in a college. The related head of income is :
- (A) Salaries
 (B) Profits and Gains of Business or Profession
 (C) Income from Other Sources
 (D) Both (A) and (C)
50. In respect of income from growing and manufacturing tea in India which is partially agricultural and partially from business, we get the following division from tax point of view :
- (A) 40% is non-agricultural income and 60% is agricultural income
 (B) 60% is non-agricultural income and 40% is agricultural income
 (C) 50% is non-agricultural income and 50% is agricultural income
 (D) 25% is non-agricultural income and 75% is agricultural income
51. Primary Market in India is regulated by :
- (A) Reserve Bank of India
 (B) Securities and Exchange Board of India
 (C) Ministry of Finance
 (D) Forward Market Commission
52. The first screen based nationwide stock exchange in India was :
- (A) NSE
 (B) OTCEI
 (C) BSE
 (D) MCX
53. In India, NIFTY and SENSEX are calculated on the basis of :
- (A) Market Capitalization
 (B) Paid up Capital
 (C) Free-float Capitalization
 (D) Authorized Share Capital
54. Net Asset Value (NAV) of units of a mutual fund means :
- (A) Total of the market value of all investment
 (B) Total of the market value of all investment plus income accrued
 (C) Net assets divided by the number of outstanding units
 (D) Net profit on a per unit basis
55. In a Computerized accounting system :
- (A) Reports are generated as and when desired
 (B) Reports are generated on a set frequency
 (C) Only annual reports are possible
 (D) Reports are generated quarterly
56. Which of the following marketing concepts takes care of customers' satisfaction as well as profits in long run ?
- (A) Marketing concept
 (B) Product concept
 (C) Production concept
 (D) Societal marketing concept
57. "Product planning is the starting point for the entire marketing programme in a firm."
 Author of this statement is :
- (A) Philip Kotler
 (B) W.J. Stanton
 (C) Mason and Rath
 (D) Cundiff and Still

58. Any paid form of non-personal presentation made by an identified sponsor is known as :
- Product promotion
 - Propagation
 - Personal selling
 - Advertisement
59. A quantitatively expressed goal assigned for sale to a marketing unit is known as :
- Targeted sales
 - Standard sales
 - Minimum achievable sales performance,
 - Sales quota
60. Window display, interior display, etc. are examples of :
- Propagation
 - Sales promotions
 - Point of purchase advertising
 - Advertising-cum-selling
61. Find out the approach which does not include industrial relation.
- Psychological Approach
 - Sociological Approach
 - Human Relations Approach
 - Physiological Approach
62. A system of industrial relations where social and labour issues are discussed between trade unions and management at enterprise level is :
- Bipartism
 - Tripartism
 - Social Dialogue
 - None of the above
63. Arrange the needs in the order given by Abraham Maslow in his Need Hierarchy theory of motivation :
- Esteem
 - Self-actualization
 - Physiological
 - Safety
 - Social
- Codes :**
- iv, i, iii, ii, v
 - iii, iv, v, i, ii
 - i, iv, iii, ii, v
 - iii, v, iv, i, ii
64. Find the tool which is not effective in arriving at the settlement of industrial dispute.
- Gherao
 - Arbitration
 - Conciliation
 - Industrial Tribunal
65. Which one is not a part of recruitment process ?
- Determining requirements
 - Planning requirement campaign
 - Attracting candidates
 - Selecting candidates
66. The full form of NAFTA is :
- North African Free Trade Association
 - North Atlantic Free Trade Association
 - North American Free Trade Association
 - North Asian Free Trade Association
67. The ASEAN was formed in :
- 1967
 - 1965
 - 1995
 - 1977

68. The Andian Community was created in 1969 after the failure of :
 (A) NAFTA
 (B) LAFTA
 (C) ASEAN
 (D) FTAA
69. The maximum amount of External Commercial Borrowings which can be raised by an eligible borrower under the automatic route is :
 (A) \$ 100 million
 (B) \$ 300 million
 (C) \$ 500 million
 (D) \$ 750 million
70. The US international market as well as the retail markets can be accessed by issuing :
 (A) ADR
 (B) GDR
 (C) Both ADR and GDR
 (D) Neither ADR nor GDR
71. Mr. Rahim pays life insurance premium on his own life for Rs.1,30,000/- during the previous year 2012-13. The policy is issued on 1-5-2012 and sum assured is Rs.6,00,000/-. The maximum amount of deduction U/S 80C is here :
 (A) Rs.1,30,000/-
 (B) Rs. 1,20,000/-
 (C) Rs.60,000/-
 (D) Rs. 80,000/-
72. Loss from the activity of owning and maintaining race horses can be set off :
 (A) Against income from the activity of owning and maintaining race horses
 (B) Against winning from horse race
 (C) Against any income
 (D) Can never be set off
73. Deduction in respect of profits and gains by an enterprise engaged in development of Special Economic Zone available U/S 80-IAB is as follows :
 (A) 100% deduction in respect of such profit for 10 consecutive assessment years
 (B) 100% deduction in respect of such profit for 15 consecutive assessment years
 (C) 100% deduction in respect of such profit for first 5 years and 50% deduction for next 5 years
 (D) 100% deduction in respect of such profit for first 10 years and 50% deduction for next 5 years
74. A Chartered Accountant raises a bill to his client for Rs.75,000/- which includes Rs.5,000/- as clerkage. While making payment of the bill, the client is responsible to deduct tax at source U/S 194J for the following amount :
 (A) Rs.7,000/-
 (B) Rs.7,500/-
 (C) Rs. 15,000/-
 (D) Rs. 25,000/-
75. If a return of income is furnished after due date, the assessee is liable to pay interest U/S 234A at the rate of :
 (A) 1 per cent p.m.
 (B) 2.5 per cent p.m.
 (C) 15 per cent p.a
 (D) 25 per cent p.a

ROUGH WORK

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