

NTA UGC NET COMMERCE DEC 2021-JUNE 2022- MERGED CYCLE

29/09/2022 -SHIFT 1

1. Which of the following are correctly needed to claim exemptions in respect of HRA?

- a. Salary
- b. Place of residence
- c. Standard rent
- d. Rent paid
- e. HRA received

Choose the correct answer from the options given below:

- A. b, c, d and e only
- B. a, c, d and e only
- C. a, b, d and e only
- D. a, b and c only

ANS:C

2. Multicollinearity in the regression analysis is measured by:

- A. Tolerance ($1 - R^2$)
- B. Homoscedasticity
- C. Partial F-test
- D. Durbin-Whatson statistic

Ans: A

3. Arrange the following steps in the design thinking process for an innovative solution to a problem:

- a. Ideate
- b. Test
- c. Empathize
- d. Define
- e. Prototype

Choose the correct answer from the options given below

- A. a, d, c, b, e
- B. b, c, a, d, e
- C. c, d, a, e, b
- D. c, b, a, e, d

ANS:C

4. Which one of the following pricing method is used in regulated industries?

- A. Mark-up Pricing
- B. Target-Rate-of-Return-Pricing
- C. Economic-Value-to-Customer Pricing
- D. Competitive Pricing

ANS: B



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5. Which one of the following statements is false?

- A. Arithmetic mean is used to measure the deviations in calculating standard deviation due to its least squares property
- B. Z- Score value of X is the ratio between X divided by mean
- C. The coefficient of variation is calculated as follows: $\frac{\bar{X}}{\sigma} \times 100$
- D. Standard deviation can be equal to zero in some situations

ANS:B

6. Which of the following factors restrain Globalization?

- a. International economic integration
- b. Nationalism
- c. Emerging trade barriers
- d. Regulatory controls
- e. Move towards free marketing systems

Choose the correct answer from the options given below:

- A. a and e only
- B. c d and e only
- C. b, c and d only
- D. a, b and d only

ANS:C

7. Given below are two statements

Statement I: In the case of Life Insurance, the insurable interest must be present in the person insured at the time when the event happened.

Statement II: In the case of Fire Insurance, the insurable interest must be present in the object insured at the time when the policy is taken and the event has happened.

In light of the above statements, choose the correct answer from the options given below

- A. Both Statement I and Statement II are true
- B. Both Statement I and Statement II are false
- C. Statement I is true but Statement II is false
- D. Statement I is false but Statement II is true

ANS:D

8. According to the Contingency Approach, the factors governing the Span of Management are:

- a. Type of work
- b. Ability of the manager
- c. Ability of the employees
- d. Level of management
- e. Geographic location

Choose the correct answer from the options given below:

- A. b and c only
- B. b, c and d only



C. a, d and e only

D. a, b, c, d and e

ANS:D

9. Match List I with List II

List I Objectives of business firms	List II Suggested by
a. Sales Revenue maximization	i. K.W. Rothschild
b. Maximization of Firm's growth rate	ii. Cyert and March
c. Long-term survival	iii. W.J. Baumol
d. Satisfying behaviour	iv. Robin Marris

Choose the correct answer from the options given below

A. A - III, B - IV, C - I, D - II

B. A - IV, B - III, C - II, D - I

C. A - II, B - I, C - IV, D - III

D. A - I, B - II, C - III, D - IV

ANS:A

10. On which of the following bases buyers are divided in psychographic segmentation?

a. Loyalty status

b. Life style

c. Buyer-readiness stage

d. Values

e. User status

Choose the correct answer from the options given below:

A. b and d only

B. a, b and d only

C. b, c and e only

D. a, c, d and e only

ANS: A

11. Which one of the following expressions is not correct to calculate the coefficient of correlation between two variables?

A. $\frac{\sum xy}{N \cdot \sigma_x \cdot \sigma_y}$

B. $\sqrt{(byx)(bxy)}$

C. $\frac{Cov(x,y)}{\sigma_x^2 \sigma_y^2}$

D. $\frac{Cov(x,y)}{\sigma_x \cdot \sigma_y}$

ANS:C





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12. Out of the following statements, which are not true in respect of a Limited Liability Partnership?

- a. There must be at least one Designated member' at all times.
- b. Designated members do not have the same rights and duties as any other member.
- c. There is no specific requirement to have any non-designated members.
- d. A Limited Liability Partnership may be established such that all members are considered to be designated members

Choose the correct answer from the options given below:

- A. A, C and D only
- B. A and B only
- C. B and D only
- D. B, C and D only

ANS:B

13. Which one of the following is used for international money transfer?

- A. RTGS
- B. NEFT
- C. SWIFT
- D. IMPS

ANS:C

14. Given below are two statements, one is labelled as Assertion A and the other is labelled as Reason R.

Assertion A : R^2 tends to be smaller for cross sectional data than for the time series data

Reason R: Wider fluctuations in the cross-sectional data cause smaller value of R^2

In light of the above statement

- A. Both A and R are true and R is the correct explanation of A
- B. Both A and R are true but R is not the correct explanation of A
- C. A is true but R is false.
- D. A is false but R is true.

ANS: A

15. Amount unutilised in the capital gain scheme for which exemption was claimed under section 54 shall be treated as long-term capital in the previous year?

- A. In which period of 2 years has expired from the date of deposit
- B. In which period of 2 years has expired from the date of transfer
- C. In which period of 3 years has expired from date of deposit
- D. In which period of 3 years has expired from the date of transfer

ANS:D



16. Which of the following statements regarding price and output determination under monopoly are correct?

- a. A monopoly firm can fix its price anywhere along its demand curve
- b. Even during short run when a monopoly firm earns normal profit, it produces less than its optimum capacity
- c. The slope of monopoly's MR curve is twice the slope of its AR curve
- d. Price discrimination is possible only when demand curves are identical in two markets
- e. Equilibrium price of a monopolist is always higher than that of a perfectly competitive firm

Choose the correct answer from the options given below:

- A. a, d and e only
- B. a, b and e only
- C. b, c and d only
- D. b, c and e only

ANS:D

17. SEBI's 'Skin in the game' rule is applicable to which of the following financial intermediaries?

- A. Merchant bankers
- B. Financial Advisors
- C. Mutual funds
- D. Brokerages

ANS:C

18. Which one of the following is not coordinated in the Vertical Integration of Integrated Marketing Communications?

- A. Pricing
- B. Sales
- C. Product development
- D. Customer service

ANS: A

19. The share capital of an RRB is subscribed by the Central Government State Government and the Sponsoring Bank in which one of the following ratios?

- A. 40:40:20
- B. 50:15:35
- C. 50:35:15
- D. 60:30:10

ANS: B



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20. Currency depreciation in the Indian Rupee in recent times has largely been attributed to:

- a. Declining domestic savings
- b. Increasing FDI flows
- c. Portfolio outflows
- d. Higher currency circulation
- e. Higher imports and debt servicing

Choose the correct answer from the options given below:

- A. a, b and c only
- B. b, c and d only
- C. a and d only
- D. c and e only

EXCHANGE RATE

ANS:D

21. Which one of the following is not a marketing tactic used for designing customer value?

- A. Service
- B. Communication
- C. Brand
- D. Incentives

ANS:B

22. Which one of the following is not the guiding principle of World Bank regarding its lending operation?

- A. Proper assessment of the repayment prospects of loans.
- B. Lending should be only for specific projects which are economically and technically sound and of a high priority nature.
- C. The lending should be to enable a country to meet foreign exchange content of the project cost.
- D. The bank does expect the borrowing country to spend the loan in a particular country.

ANS:D

23. RBI financial inclusion index (FI - Index) quality parameter captures information on which of the following:

- a. Financial literacy
- b. Consumer protection
- c. Ease of access
- d. Availability and usage
- e. Inequality and deficiency in service

Choose the correct answer from the options given below:

- A. a, b and c only
- B. c, d and e only
- C. a, d and e only
- D. a, b and e only



ANS:D

24. Arrange the following stages in the marketing process of an enterprise:

- a. Marketing Mix
- b. Marketing program implementation
- c. Marketing planning
- d. Market research
- e. Control and evaluation of marketing programs

Choose the correct answer from the options given below

- A. d, c, a, b, e
- B. c, b, a, e, d
- C. b, a, d, c, e
- D. c, a, d, b, e

ANS: A

25. Which of the following statements regarding the short-term theory of production and cost analysis are false?

- a. Economic rent is the same as economic profit
- b. Imputed cost is the rent of a hired building
- c. When $AC = MC$, AC is minimum
- d. When MC is rising, $AC > MC$
- e. Output is optimum when $AC = MC$

Choose the correct answer from the options given below:

- A. A and E only
- B. B and D only
- C. A, B and C only
- D. C, D and E only

ANS: B

26. Which one of the following represents empirical generalisations relating to GDP growth and changes in unemployment?

- A. Phillips curve
- B. Misery index
- C. Pareto distribution
- D. Okun's law

ANS:D- PHILIP CURVE



27. Match List I with List II

List I Characteristic Business	List II Description
a. Cash Cows	i. The most valuable segments of a company: the parts most wanted by an acquirer
b. Crown Jewels	ii. A third party friendly to management who helps a company avoid an unwanted takeover with taking over the company on its own
c. Fallen Angels	iii. A BCG term for business segment which have a high market share in low growth markets
d. White Squire	iv. A bond issued at investment grade whose rating is subsequently dropped to below the investment grade

Choose the correct answer from the following

- A. A-II, B – IV, C-I, D – III
- B. A - I, B – IV, C - III, D – II
- C. A-IV, B – III, C – II, D-I
- D. A - III, B -I, C - IV, D – II

ANS:D

28. Which of the following companies cannot be a Small Company'?

- a. A holding company or a subsidiary company
- b. A company registered under Section 8
- c. A company or body corporate governed by any Special Act
- d. One Person Company (OPC)

Choose the correct answer from the options given below:

- A. B and C only
- B. A, B and C only
- C. B, C and D only
- D. A and D only

Ans: B

29. Which one of the following is not true for Authority?

- A. It is the legitimate right of a superior to command and compel his subordinates to perform a certain act
- B. It is mostly well-defined, conspicuous and finite.
- C. It can be delegated.
- D. It serves as a basis of both formal and informal organizations.

ANS: D





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30. Sweezy's kinked demand curve model to explain the price and output determination relates to which type of market structure?

- A. Perfect Competition
- B. Monopolistic Competition
- C. Monopoly
- D. Oligopoly

ANS: D

31. While wandering in jungle, King Dushyant married Shankuntala as narrated in the "Abhigyan Shankuntalam". He gave her royal ring which could serve her identity when she would come to meet him, in future. However, she had lost the ring while going to meet him. When she arrived at Dushyant's palace, he failed to recognise her as she did not have the ring.

Which of the following statistical error King Dushyant had committed in this narrative?

- A. Type I error
- B. Type II error
- C. Sampling error
- D. Non - Sampling error

ANS: A

32. Sequence the procedure for e-filing of ITR-1 and ITR-2

- a. Login
- b. Register
- c. Verification
- d. Downloading utility and preparing the Return
- e. e-Filing Income Tax Return

Choose the correct answer from the options given below

- A. a, b, e, d, c
- B. b, a, d, e, c
- C. b, a, c, d, e
- D. a, b, c, d, e

ANS: B

33. Match List I with List II

List I Tariff / Subsidy	List II Explanation
a. Tariffication	i. They have demonstrably adverse effects on other member countries.
b. Prohibited subsidies	ii. They act on goods which are contingent upon export performance.
c. Actionable subsidies	iii. Replacement of existing non-tariff restrictions.
d. Non-actionable subsidies	iv. For industrial research in disadvantaged regions.



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Choose the correct answer from

- A. A - II, B - III, C - I, D - IV
- B. A-IV, B-I, C-II, D - III
- C. A - III, B - II, C - I, D - IV
- D. A - II, B - IV, C- III, D- I

ANS:C

34. Which of the following are included in Salary as per Section 17(1) of the Income Tax Act?

- a. Wages
- b. Any pension or annuity
- c. Any interest from Government securities
- d. Any gratuity
- e. Any advance of salary

Choose the correct answer from the options given below:

- A. a, b, c and d only
- B. a, b, c, d and e
- C. a, b, d and e only
- D. c and e only

ANS:C

35. Which of the following business would most likely use job order costing :

- A. A brewery
- B. An oil refinery
- C. A company that makes frozen pizzas
- D. A print shop that specializes in wedding invitations

ANS:D

36. Match List I with List II

List I Marketing Concept	List II Description
a. Brand Equity	i. The maximum possible demand for a product when marketing expenditure in the industry is infinite
b. Brand Identity	ii. The mental perception and associations of consumers related to a brand
c. Brand Image	iii. The peculiar distinguishing color, design, label of a brand which distinguish brand of a firm
d. Market Potential	iv. A pool of goodwill consumers have related to a brand



Choose the correct answer from the options given below

- A. A – IV, B – III, C – II, D – I
- B. A – I, B – II, C – IV, D – III
- C. A – III, B – I, C – IV, D – II
- D. A – II, B – III, C – I, D – IV

ANS: A

37. Which of the following issues are covered in Social Marketing?

- a. Tobacco
- b. Family planning
- c. Public health
- d. Financial well-being
- e. Social good

Choose the correct answer from the options given below:

- A. A and B only
- B. A, B and C only
- C. C, D and E only
- D. A, B, C, D and E

ANS:D

38. As per which one of the following approaches, a firm finance a part of its permanent working capital with short term financing?

- A. Matching Approach
- B. Conservative Approach
- C. Aggressive Approach
- D. Traditional Approach

ANS:C

39. Match List I with List II

List I MBTI Framework- Jungian Aspects	List II Characteristics
a. Sensing	i. Relies more on personal values than on impersonal analysis and logic
b. Thinking	ii. Would work with known facts than look for possibilities and relationships
c. Feeling	iii. Likes a flexible, spontaneous way rather than a planned and orderly way of life
d. Perceiving	iv. Relies more on interpersonal analysis and logic than on personal values

Choose the correct answer from the options given below:

- A. II, B -I, C- IV, D- III
- B. A - II, B - IV, C- I, D- III



- C. A - III, B - IV, C - I, D - II
- D. A - II, B - I, C - III, D - IV

ANS: B

40. Which one of the following aims at the Task Dimension of organizational change?
- A. Broadening or narrowing span of control
 - B. Diversifying into additional businesses
 - C. Improving the efficiency of machines
 - D. Reallocating authority

ANS: B

41. Pricing practice of setting a price target and then developing a product that would allow the firm to maximise total profit at that price is called:
- A. Price ceiling
 - B. Price matching
 - C. Price lining
 - D. Pricing power

ANS: C

42. Which of the following are the parameters in the Financial Inclusion Index in India?
- a. Affordability
 - b. Availability and usage
 - c. Ease of access
 - d. Transparency and disclosure
 - e. Quality of financial inclusion

Choose the correct answer from the options given below:

- A. A, B and C only
- B. C, D and E only
- C. A, B and D only
- D. B, C and E only

ANS: D

43. Which among the following information shall be disclosed for all public issues of shares irrespective of their issue price?
- a. Earning per share
 - b. Dividend pay-out ratio
 - c. Pre-issue P/E ratio
 - d. Average return on net worth in last 3 years
 - e. Net asset value per share based on last balance sheet

Choose the correct answer from the options given below:

- A. A, B, D and E only
- B. A, C, D and E only



- C. B, C, D and E only
- D. A, B, C and D only

ANS: B

44. Properties of a good point estimator includes which of the following?

- a. Stationarity
- b. Efficiency'
- c. Consistency
- d. Neutrality
- e. Unbiasedness

Choose the correct answer from the options given below.

- A. A, B and C only
- B. C D and E only
- C. A, D and E only
- D. B, C and E only

ANS:D

45. Which of the following are the properties of Binomial distribution?

- a. May be symmetrical or skewed
- b. Uni-modal, bell-shaped and symmetrical
- c. Asymptotic to the x-axis
- d. n and p are the two parameters
- e. μ and σ are the two parameters

Choose the correct answer from the options given below:

- A. B and E only
- B. A and D only
- C. C and E only
- D. B, C and D only

ANS: B

46. Which is the single most important driver of innovation (Gerard. J. Teilis 2013) in a business firm?

- A. Labour
- B. Capital
- C. Government
- D. Culture

ANS:D

47. Given below are two statements, one is labelled aAssertion A and the other is labelled as Reason R

Assertion A: An export processing zone is different from free trade zone as it promotes units primarily devoted to exports.

Reason R: Goods imported to a free trade zone may be re-exported without any processing, in the same form. But goods exported by units in an EPZ are expected to have undergone some value addition by manufacturing.



In light of the above statements, choose the most appropriate answer from the options given below

- A. Both A and R are correct and R is the correct explanation of A
- B. Both A and R are correct but R is NOT the correct explanation of A
- C. A is correct but R is not correct
- D. A is not correct but R is correct

ANS: A

48. Given below are two statements

Statement I: The probable error (P.E.) of the coefficient of correlation (r) is defined as:

$$PE = \frac{(t - r^2)}{\sqrt{n}}$$

Statement II: When a null hypothesis is true but the test statistic rejects it, this is known as Type-1 error in hypothesis testing.

In light of the above statements, choose the most appropriate answer from the options given below

- A. Both Statement I and Statement II are correct
- B. Both Statement I and Statement II are incorrect
- C. Statement I is correct but Statement II is incorrect
- D. Statement I is incorrect but Statement II is correct

ANS: D

49. A company has 10% perpetual debt of ₹1,00,000. The tax rate is 35%. Which one of the following is the after-tax cost of capital assuming that the debt is issued at 10% premium?

- A. 10%
- B. 5.91%
- C. 6.5%
- D. 7.22%

ANS: B

50. Which one of the following distributions aptly describes the ownership of income and property in a capitalist economy?

- A. Normal distribution
- B. Poisson distribution
- C. F – distribution
- D. Pareto distribution

ANS: D

51. Which section of the Indian Companies Act, 2013 among the following, provides for the appointment of first auditors by the Board of Directors within one month of the date of registration of the company?

- A. 139(2)



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- B. 139(6)
- C. 142(1)
- D. 142(2)

ANS: B

52. Which one of the following is not the assumption for consumer behaviour based on the Ordinal Utility Theory?

- A. Rationality of the consumer
- B. Utility only ordinally measurable
- C. Satiation of demand
- D. Diminishing marginal rate of substitution

ANS: C

53. Which of the following are the components of Mc Kinsey's 7-S Framework?

- a. Shared values
- b. Procurement
- c. Strategy
- d. Technology Development
- e. System

Choose the correct answer from the options given below.

- A. a, c and e only
- B. b, c and e only
- C. a, b and e only
- D. b, d and e only

ANS: A

54. Given below are two statements, one is labelled as Assertion A and the other is labelled as Reason R

Assertion A : By switching to long-term government bonds, the investor acquires an asset whose price fluctuates as interest rates vary.

Reason R : Bond prices fall when interest rates rise and rise when interest rates fall.

In light of the above statements, choose the correct answer from the options given below

- A. Both A and R are true and R is the correct explanation of A
- B. Both A and R are true but R is NOT the correct explanation of A
- C. A is true but R is false
- D. A is false but R is true

ANS: A

55. Which one from among the following is not a generic strategy as per the generic strategies identified by Porter?

- A. Market Penetration
- B. Cost Leadership
- C. Focus Option



D. Differentiation

ANS: A

56. Match List I with List II

List I PLC Stage	List II Pricing Strategy
a. Decline	i. Price to match or beat competitors' price
b. Maturity	ii. Charge cost-plus price
c. Growth	iii. Price reduction
d. Introduction	iv. Price to penetrate market

Choose the correct answer from the options given below

- A. A - III, B - IV, C - I, D - II
- B. A - III, B - II, C - I, D - IV
- C. A - III, B - I, C - IV, D - II
- D. A - II, B - I, C - III, D - IV

Ans:C

57. Which of the following cannot use ITR-1 form to file return under the Indian Income Tax Act?

- a. An individual who is a director in a company.
- b. An individual who has any asset located outside India.
- c. An individual whose total income does not exceed Rs. 50,00,000
- d. An individual who has income from any source outside India
- e. An individual who has any unlisted equity shares at any time during the previous year

Choose the correct answer from the options given below:

- A. a, b, c and d only
- B. a, b, d and e only
- C. a, c and e only
- D. b, c and e only

ANS: B

58. Concentration of all marketing efforts on a small but specific and well - defined segment of the population is called:

- A. Niche marketing
- B. Franchising
- C. Ambush marketing
- D. Viral marketing

ANS: A

59. Match List I with List II

List I Formula for test statistic	List II Test
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a) $\sum \frac{(O-E)^2}{E}$	i. Z-test
b) $\frac{12}{n(n+1)} \sum \frac{R_j^2}{n_j} - 3(n+1)$	ii. H-test (Kruskal-Wallis test)
c) $\frac{\bar{X} - \mu}{SE}$	iii. F-test (ANOVA)
d) $\frac{SS_{between}}{SS_{within}}$	iv. Chi-square test

Choose the correct answer from the options given below

- A. a – i, b – ii, c – iii, d – iv
- B. a – iii, b – iv, c – ii, d – i
- C. a-iv, b – ii, c- i, d – iii
- D. a - iv, b - ii, c - iii, d – i

ANS:C

60. When the price increase of a commodity is followed by increased total revenue, which one of the following is the price elasticity coefficient?
- A. Zero
 - B. Equal to one
 - C. More than one
 - D. Less than one

ANS:D

61. Which one of the following production functions is a long-term production function?
- A. $Q = a + bL - cL^2$
 - B. $Q = AK^aL^b$
 - C. $Q = a + bL + cL^2 - dL^3$
 - D. $Q = a + bL$

ANS: B

62. Arrange the following ratios in the increasing order of their significance in the prediction of industrial sickness (Altman, 1966):

- a) $\frac{\text{Working capital}}{\text{Total Assets}}$
- b) $\frac{\text{Retained Earnings}}{\text{Total Assets}}$
- c) $\frac{\text{Earnings Before Interest and Taxes}}{\text{Total Assets}}$
- d) $\frac{\text{Market Value of Equity}}{\text{Book Value of Total Debt}}$
- e) $\frac{\text{Sales}}{\text{Total Assets}}$

Choose the correct answer from the options given below

- A. d, e, a, b, c
- B. c, e, b, d, a
- C. b, d, c, a, e
- D. e, b, d, c, a





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ANS: A

63. A company does not include the value of skills gained by its employees from training programmes in its annual financial statements. Which one of the following accounting concepts is being applied in this case?

- A. Going concern concept
- B. Money measurement concept
- C. Revenue recognition concept
- D. Business entity concept

ANS: B

64. Which of the following are the essential elements for defining a business?

- a. Dealers
- b. Products
- c. Markets
- d. Competitors
- e. Functions

Choose the correct answer from the options given below:

- A. b, c and e only
- B. a, b and e only
- C. b, c and d only
- D. b and d only

ANS: A

65. Portfolio approach to investing is primarily focused on which of the following:

- A. Diversification
- B. Value protection
- C. Return appreciation
- D. Risk optimisation

ANS: D

66. Which of the following statements are true regarding price and output determination under perfect competition?

- a. A firm is a price taker
- b. In the long run, a firm is in equilibrium when its $AR = MR = LAC = LMC$
- c. A firm is in equilibrium in the short run only when its $AC = AR = MR = MC$
- d. A firm reaches its shut-down point when price goes below its AC
- e. A firm fixes the price of its products when $AR = MR$

Choose the correct answer from the options given below:

- A. c and e only
- B. a and b only
- C. a, c and e only
- D. b, c and d only

ANS: B

67. Which of the following forces push up the productivity of employees in an organisation?



- a. Difficulty of work
- b. Fear of working self out of job
- c. Egoistic drive to accomplish
- d. Desire for promotion
- e. Motive towards doing work

Choose the correct answer from the options given below:

- A. a and b only
- B. b, c and d only
- C. a, d and e only
- D. c, d and e only

ANS:D

68. Who are not eligible to get information under the RTI Act from the following?

- a. Corporations
- b. Associations
- c. Companies
- d. Citizens
- e. Legal entities

Choose the correct answer from the options given below:

- A. a, b, d and e only
- B. a, b, c and e only
- C. b and d only
- D. a, d and e only

ANS: B

69. Which one of the tests measures the applicant's, level of knowledge and skill in a particular job in which one he will be appointed?

- A. Personality test
- B. Achievement test
- C. Interest test
- D. Aptitude test

ANS: B

70. Which one of the following duties is not a general duty of directors of a company?

- A. Duty of good faith in order to promote the object of the company
- B. Duty of due and reasonable care, skill and diligence and shall exercise independent judgment
- C. Duty to attend Board Meetings
- D. Duty not to delegate or assign his office assignment.

ANS:C

71. Arrange the following steps in a logical sequence of the process of management audit.

- a. Identification of responsibility centres
- b. Review of organisational structure
- c. Reporting
- d. Identifying and segregating the objectives of business
- e. Review of performance of each responsibility centre



Choose the correct answer from the options given below

- A. a, d, e, c, b
- B. a, e, d, b, c
- C. a, b, e, d, c
- D. d, b, a, e, c

ANS:D

72. The contribution margin can be increased by which of the following?

- a. Increasing the selling price per unit
- b. Changing the sales mixture and selling more profitable products for which the P/V ratio is higher
- c. Keeping the marginal cost unchanged
- d. Increase the amount of fixed assets
- e. Decreasing the selling price per unit

Choose the correct answer from the options given below:

- A. b, c and e only
- B. a, c and d only
- C. a and b only
- D. d and e only

ANS:C

73. If the assessee is engaged in the business of growing and manufacturing tea in India, the agriculture income in that case shall be:

- A. 25% of the income of such business
- B. 40% of the income of such business
- C. 60% of the income of such business
- D. 75% of the income of such business

ANS:C

74. A is entitled to children education allowance @₹80 p.m. per child, for three children, it amounts to ₹240 p.m. It will be exempted to the extent to which one of the following under the Indian Income Tax Act?

- A. ₹200 p.m.
- B. ₹160 p.m,
- C. ₹240 p.m,
- D. ₹300 p.m.

ANS: B

75. Which one of the following statistical identities are useful in comparing the two regression equations based on different sample sizes?

- A. Coefficient of determination (r^2)
- B. Coefficient of multiple determination (R^2)
- C. Adjusted R^2 (R^2)
- D. Logistic regression

ANS:C

76. Logically sequence the following stages in the organisational life cycle of a business firm:



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- a. Expansion
- b. Survival
- c. Consolidation
- d. Start-up
- e. Decline

Choose the correct answer from the options given below

- A. d, a, c, b, e
- B. b, c, a, d, e
- C. d, b, c, a, e
- D. d, b, a, c, e

ANS:D

77. The information with respect to a company is:

EBIT = ₹35 lakhs

15% Term loan = ₹50 lakhs

Working capital term loan from bank @ 20% = ₹30 lakhs

10% Preference share capital = ₹10 lakhs

Public deposits accepted @ 14% = ₹15 lakhs

Which one among the following is the Interest Coverage Ratio for the company?

- A. 0.45
- B. 1.98
- C. 2.24
- D. 2.59

ANS:C

78. The purpose (aim) of stock split is to

- a. Increase the number of shares
- b. Reduce market price per share
- c. Arrest share price decline
- d. Encourage wider public ownership
- e. Reduce impact cost

Choose the correct answer from the options given below:

- A. a, b and c only
- B. b and d only
- C. b, c and e only
- D. a, d and e only

ANS: B

79. What is the correct sequence in "Hierarchy of Effects" model in a communication situation:

- a. Preference
- b. Purchase
- c. Awareness and Knowledge
- d. Conviction



e. Liking

Choose the correct answer from the options given below

- A. a, d, b, c, e
- B. d, b, e, c, a
- C. b, a, d, c, e
- D. c, e, a, d, b

ANS:D

80. When the incoming partner cannot bring premium for goodwill, then the necessary adjustment for goodwill is done through which one of the following?

- A. Goodwill account of the partners
- B. Capital account of the new partners
- C. Balance sheet of the new partnership firm
- D. Profit & Loss Appropriation account

ANS: B

81. Arrange the following process of making of a contract in the chronological sequence from the first to the last.

- a. Agreement
- b. Promise
- c. Offer or proposal
- d. Contract
- e. Acceptance

Choose the correct answer from the options given below

- A. c, e, b, a, d
- B. a, d, e, c, b
- C. b, d, c, a, e
- D. e, b, a, c, d

ANS: A

82. The MM hypothesis of the irrelevance of dividends is based on which of the following critical assumptions?

- a. Investors are able to forecast future prices and dividends with certainty
- b. The firm has a given investment policy which does not change
- c. All financing is done through retained earnings
- d. There are no taxes
- e. Perfect capital markets in which all investors are rational

Choose the correct answer from the options given below:

- A. A, B and C only
- B. C, D and E only
- C. A, B, D and E only
- D. B, C, D and E only

ANS:C

83. Match List I with List II

List I	List II Description
--------	------------------------



Economic framework	
a. Stackelberg model	i. The situation in which each player in an oligopolistic market adopts its dominant strategy but could do by cooperating
b. Nash equilibrium	ii. Conceptualisation for identifying the structural determinants of the intensity of competition and the probability of firms in oligopolistic industries
c. Peter's strategic framework	iii. If firms are disproportionately powerful the market leader makes the first move and captures two-thirds of market share, while follower firm gets only a third of the market share
d. Prisoner's delima	iv. A situation in which each player has chosen his / her optional strategy given the strategy chosen by the other player

Choose the correct answer from the options given below

- A. a-ii, b – iv, c-i, d – iii
- B. a - iii, b - iv, c - ii, d – i
- C. a - iii, b -i, c - iv, d – ii
- D. a-ii, b - iii, c-i, d-iv

ANS: B

84. Arrange the procedure followed for disbursement of export credit in a sequence from the first to the last

- a. The bank releases the funds debiting to the packing credit amount and credit to the exporter's account
- b. The bank calculates the amount of packing credit to be granted
- c. The exporter would be required to send the goods through approved transport and forwarding agency
- d. The exporter is required to take adequate insurance
- e. Submit evidence of export

Choose the correct answer from the options given below

- A. b, a, e, d, c
- B. a, c, b, d, e
- C. a, b, c, d, e
- D. e, b, a, c, d

ANS:D

85. Match List I with List II

List I Type of Costing	List II Description
a. Marginal Costing	i. Integrated approach to determine product features, product price, product costs and product design that helps ensure a company to earn reasonable profit on new products.



b. ABC Costing	ii. The amount of any given volume of output by which the aggregate costs are changed if the volume of output is increased by one unit
c. Target Costing	iii. Used when identical units are produced through an on-going series of production steps.
d. Process Costing	iv. Costing system in which costs being with tracing of activities and then to producing the product.

Choose the correct answer from the options given below

- A. A - II, B - IV, C - I, D - III
- B. A - I, B - IV, C - III, D - II
- C. A - II, B - III, C - IV, D - I
- D. A - I, B - III, C - II, D - IV

ANS: A

86. Which one of the following rights is usually not available to a partner consequent to the dissolution of a firm?

- A. Right of equitable distribution of firm's property
- B. Right to return of premium on premature winding up
- C. Right to be consulted
- D. Right to restrain any partner or his representatives from the use of firm name or firm property

ANS: C

87. Match List I with List II

List I Entrepreneurial Theory	List II Description
a. Thomas Cochran's Theory	i. Highlight the self-confidence of a person and the dependency on fortune and external environment for becoming an entrepreneur
b. Rotter's Locus of Control Theory	ii. Religious beliefs are the driving or restraining forces for entrepreneurial activity
c. McClelland's Theory	iii. The environment in which an individual is brought up determines his entrepreneurial urge
d. Max Webber's Theory	iv. The need for achievement (nAch) drives and stimulate entrepreneurship

Choose the correct answer from the options given below:

- A. A - III, B - I, C - IV, D - II
- B. A - II, B - III, C - IV, D - I
- C. A - I, B - IV, C - II, D - III
- D. A - II, B - I, C - III, D - IV

ANS: A

88. Which one of the following approaches of capital structure pleads that debt financing initially increases the value of the firm; however excess debt financing beyond a particular point reduces the value of the firm?





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- A. Net Income Approach
- B. Net Operating Income Approach
- C. Traditional Approach
- D. Modigliani-Miller Approach

ANS: C

89. Match List I with List II

List I Statistical identity	List II Description
a. Power of test	i. Maximum level of significance at which the null hypothesis would be accepted
b. Standard error	ii. Test for significance of regression equation
c. P – value	iii. Standard deviation of an estimate from a sample
d. F – test	iv. The probability that test will lead to rejection of null hypothesis when it is false

Choose the correct answer from the options given below:

- A. III, B - II, C- IV, D – I
- B. A - IV, B - III, C - I, D – II
- C. A - II, B - IV, C-I, D- III
- D. A - I, B - IV. C - II, D – III

ANS: B

90. Which one of the following categories of customers are opinion leaders who carefully search for new technologies that might give them a dramatic competitive advantage?

- A. Early Adopters
- B. Innovators
- C. The early majority
- D. The late majority

ANS: A

91. Read the given passage and answer the questions that follow

The Monetary Policy Committee of the RBI should neither raise policy rates nor wind up its accommodative policy stance. Yes, inflation has been on the rise, and growth has been setting in. This is the time to consolidate growth, not to be spooked by transient, supply-constrained inflation. Choking off supply-side price shocks is self-defeating. Higher prices will curb demand and stimulate additional supplies if the prices are allowed to work their way through the system, instead of being choked off through demand suppression. It is only the second-order effect of price shocks in energy, logistics and labour that call for curtailment of demand via higher interest rates.

Far from there being any sign of excess demand, the latest available national income figures suggest squeezed consumption and constrained investment. GDP this fiscal would struggle to recover the size attained at the end of 2019 -20. The policy response appropriate for inflation caused by excess demand would be wholly unsuited for inflation caused by supply disruptions and a spike in energy prices. The right way to combat elevated inflation right now is to reduce the burden of taxes that energy bears in India. Both the Centre and the states should share the tax cuts. They should take



this action, even as they strive to find common ground on bringing energy under the goods and services tax. The government also has the cushion of relatively high import duties that can be pared, to lower prices. Stepping up production to increase supplies is another part of supply-constrained inflation.

There are measures the RBI can take to increase access to credit by micro, small and medium enterprises, other than enhancing liquidity in general in the hope that some would find its way to the small sector. The RBI can do its bit to realise the government mandate for all large companies to purchase their inputs from the Trade Receivables Discounting System (TReDS), for example, if that improves trade finance significantly, some reduction in liquidity would not matter.

Which one of the following statements is not true?

- A. Both the Centre and the States should share the tax cuts equally
- B. GDP this fiscal would find it difficult to recover the size attained at the end of 2019-20
- C. Curtailment of demand via higher interest rates can be used in a limited way
- D. Choking off supply-side price shocks will affect growth adversely

ANS: A

92. Which one of the following is the cause of inflation as per the passage?

- A. Reduction in interest rate
- B. Increase in cost
- C. Supply disruptions
- D. Increase in demand

ANS: C

93. Which of the following measures the RBI can take to consolidate growth?

- A. Reduce tax on fuel price
- B. Reduce import duty
- C. Increase access to credit by MSMEs
- D. Absorb price increase by providing subsidies

ANS: C

94. Which one of the following is most desirable to consolidate growth?

- A. Reduce interest rate
- B. Increase interest rate
- C. Suppression of demand
- D. Stimulate additional supply

ANS: D

95. Given below are two statements, one is labelled as Assertion A and the other is labelled as Reason R

Assertion A: The policy response appropriate for inflation caused by excess demand would be wholly suited for inflation caused by a spike in energy prices

Reason R; The right way to combat elevated inflation right now is to reduce the burden of taxes that energy bears in India.



In light of the above statements choose the most appropriate answer from the options given below

- A. Both A and R are correct and R is the correct explanation of A
- B. Both A and R are correct but R is NOT the correct explanation of A
- C. A is correct but R is not correct
- D. A is not correct but R is correct

ANS: D

96. Study the given table and answer the five questions that follow

The following information is available with respect to a company manufacturing a particular product.

Sale price (per unit)	₹ 20
Variable manufacturing cost per unit	₹ 11
Variable selling cost per unit	₹ 3
Fixed factory overheads (per year)	₹ 540000
Fixed selling costs (per year)	₹ 252000

On the basis of the above information answers the questions that follow

Which one of the following is PV ratio for the company?

- A. 1.82%
- B. 1.43%
- C. 30%
- D. 33%

ANS: C

97. Which one of the following is the break-even point in units for the company?

- A. 132000 units
- B. 38576 units
- C. 84000 units
- D. 72.000 units

ANS: A

98. Which one of the following is desired sales volume in units to earn a profit of ₹ 60,000?

- A. 93667 units
- B. 264000 units
- C. 132000 units
- D. 142000 units

ANS: D

99. Which one of the following is desired sales (rupees) to earn a profit of ₹120000?

- A. ₹ 2640000
- B. ₹ 3040000
- C. ₹ 1520000
- D. ₹ 2640000



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ANS: B

100. Which one of the following is the break-even point in terms of rupees?

- A. ₹ 1800000
- B. ₹ 2640000
- C. ₹ 3857600
- D. ₹ 1320000

ANS: B





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