

ECONOMICS

FINAL KEY

01 Who pioneered the approach to consumer theory based on the attributes of commodities ?

Lancaster

02 If two commodities are perfectly complementary, the effect of change in the price of a commodity on the demand of the other commodity is

zero

03 The size of a plant is optimum

when the short-run average cost and the long-run average cost are equal to the minimum levels of both

04 According to the law of Variable Proportions, the second stage of production begins when

the average product reaches its maximum level

05 Pecuniary external economies arise to firms in an industry from

reduction in factor prices

06 In a decreasing cost competitive industry, the long run supply curve is

a downward sloping curve

07 In a monopoly market where price discrimination is possible the elasticity of demand is 1.5 in segment A and 2 in segment B. The marginal revenue at equilibrium is Rs.60. Then, what is the difference between the prices that can be fixed in segments A and B

Rs.60

08. Bain's concept of entry implies

New firm which increases productive capacity of the industry

09 Kinked Demand curve hypothesis of price rigidity assumes that

The producers are satisfied with the prevailing market price

10 Price leadership is

The informal collusion among oligopolistic firms

11 Suppose the market rate of interest on a hundred rupee bond earning 8 per cent interest rises to 10 per cent. Then the nominal price of the bond

Declines to Rs.80

12 According to Kalecki, the source of real profit is

Monopoly power

13. World Bank converts the income data of all individual countries into PPP income data by computing purchase power parity of each country in terms of

US dollar

14. GNP deflator =

(Nominal GNP / Real GNP) X 100

15. India's per capita net national income for 2017-18 at constant prices as per Economic Survey is around ...

Rs. 86660

16. In the product market equilibrium the IS curve shows

The level of income that yields equality of planned investment and savings at different rates of interest

17. If, in an open economy, the marginal propensity to consume is 0.75 and the marginal propensity to import is 0.25, the size of the multiplier without imports will be equal to

4

18. In the equation $C = a + bY$, 'b' denotes

Marginal propensity to consume

19. Permanent Income Hypothesis is associated with

Milton Friedman

20. Autonomous Investment refers to

investment independent of changes in income levels and interest rates

21. The real value of a currency depends on

how much the currency can buy

22. High Powered money consists of

all currency issued by the central bank

23. According to Tobin

individuals diversify their portfolio by holding a balanced combination of safe and risky assets

24. Which is not the function of a commercial bank ?

Managing the exchange rate of currency

25. Which is not an asset in the balance sheet of a commercial bank ?

Deposits

26. Recapitalization of commercial banks is called

Bail-out

27. Which committee recommended formation of Payment Banks in India?

Nachiket Mor Committee

28 Broad money, as per RBI classification, includes

M₁ plus Time Deposits with banks

29 Changes in the Bank Rate

alters the cost of credit

30 Which of the following statements is not correct ?

The larger the cash reserve ratio, the larger the expansion of credit

31. If the central bank reduces the SLR, the commercial banks' ability to create credit

Increases

32 Phillips Curve shows

Inverse relationship between rate of unemployment and rate of inflation

33 The natural rate of unemployment is

The trade-off between the rates of inflation and unemployment

34 Incidence of a tax refers to

The final money burden of a tax on the person who bears it

35 Merit of direct taxes is

They are based on ability to pay principle

36 The following tax is levied and collected by the union but assigned to the States

Terminal taxes on goods or passengers carried by railway, sea or air

37 Non-tax revenue under Revenue Receipts in the Union budget includes

External grants

38 Law of Increase of State Activities is associated with

Wagner

39 Fiscal deficit in the revised estimates of the Union Budget for 2018-19 ..

increased from that shown in the budget estimates for 2018-19

40 This is not a principle of Federal Finance

Growth rate

41 One of the justifications for protectionism in international trade

Both 1 and 2

***Increasing or retaining the present level of domestic employment and
Correcting the deficit in the balance of payments***

42 The term “Quantitative Restrictions” denote

A non-tariff form of protection in international trade

43 Balance of payments in the current account include

Both visible and invisible items

44 The condition developed by Marshall and Learner states that devaluation will succeed if

sum of the Price elasticity of exports and price elasticity of imports is greater than one

45 If the interest rate on bonds or securities in India is higher than in USA,

1 and 2 are true

the demand for dollars increases and there will be capital inflow into India and

The exchange rate in terms of dollars appreciates

46 The hypothesis of exchange rate overshooting was first propounded by

Dornbusch

47 Quotas in international trade are

Both 1 and 2

Quantitative restrictions on the quantity of imports and

Quantitative restrictions on the value of a commodity to be imported

48 India’s share of Special Drawing Rights in the International Monetary Fund since 2010 is

2.76 per cent

49 NAMA seeks

Seeks to reduce or eliminate tariffs in world trade

50 India’s rank in 2019 in the World Bank’s “ Doing Business Report”

77

51 According to Harrod, the rate at which producers will be content with what they are doing, is

The Warranted Rate of Growth

52 The concept of disguised unemployment was originally introduced by

Rosenstein Rodan

53 As per Human Development Index statistics 2018, the Inequality-adjusted HDI (IHDI) for India is

0.468

54 The ratio was termed Organic Composition of Capital by Marx is

The ratio of Constant capital Variable capital

55 Chenery suggests foreign aid as a way of filling the

Savings and foreign exchange gap

56 According to whom, does “modernization of values” or “modernization of ideals” lead to rapid development ?

Gunnar Myrdal

57 The first estimate of black money in Indian economy was made by

Kaldor

58 Vijayawada is theth million-plus urban agglomeration in India as per 2011 census

30th

59 The Annual growth rate of population between 2001 and 2011 was

1.76 %

60 Andhra Pradesh State’s ranks in India in terms of geographical area and largest population (2011 census) respectively

8th and 10th

61 Literacy, for the purpose of Indian census, refers to

Ability of a person aged seven and above, to read and write

62 According to the United Nations Population Fund, demographic dividend arises when the share of working-age population is larger than the share of non-working age population. What is the range of working-age population?

15-64 years

63 The new poverty line estimated by the Expert Committee headed by Rangarajan for 2011-12 considers the monthly per capita consumption expenditure for a family of five in rural areas

Rs.4860

64 Gini co-efficient is derived from

Lorenz Curve

65 As per NSSO, Current Daily Status concept considers a person as employed for half day If he works forhours a day

One hour and less than four hours

66 Number of days for which wage employment is guaranteed in a financial year under MGNREGS

100 days

67 The monthly income limit for the unorganized sector workers to become eligible for the benefits under “Pradhan Manthri Shram-Yogi Maandhan” is

Rs.15,000

- 68 Top three countries with which India has negative bilateral trade balance as per Economic Survey, 2007-18

China, Switzerland and Saudi Arabia

69. India's rank in World Bank's Logistic Performance Index in 2016

35

- 70 The weightage allotted to Food Index under the WPI (2011-12) of all commodities is

15.3

- 71 The first official Housing Price Index for India was named

NHB RESIDEX

- 72 "Har Khet Ko Pani? Is the slogan of

PM Krishi Sinchayee Yojana

- 73 Kisan Credit Cards are issued by

Commercial Banks, RRBs and Cooperative banks

- 74 One of the main objectives of Climate Smart Agriculture (CSA) is

1 and 3 Sustainable increase in productivity and Reducing green house gas emissions

- 75 Prevention of Money Laundering Act came into force in

2002

- 76 In which combination do the terms do not match ?

BIFR - Foreign Exchange Regulations

- 77 The core industries which registered negative growth in 2016-17 as per the Index of Industrial Production

Crude Oil and Natural Gas

- 78 The basis for defining a Micro, Small and Medium Enterprises is

Annual turnover of the enterprise

- 79 Approximate extent of land to be allotted to a National Investment and Manufacturing Zone (NIMZ) is

5000 h

- 80 The longest national High way that passes through Andhra Pradesh

NH 44

81 'UDAN' scheme applies to

Domestic air travel

82 The newly announced South Coast Railway Zone is expected to consist of the Following Railway Divisions

Vijayawada, Guntur and Guntakal

83 India's rank among the world's largest exporters of commercial services in 2016 as per the WTO

8th

84. The term Hindu rate of growth was coined by ...

Raj Krishna

85 Among the following groups of cities, which is selected under HRIDAY Scheme

Gaya, Amaravathi, Velankanni

86 The following statement is true with reference to the Mahalanobis growth model

Purchasing power increases due to increase investment on heavy industries and expenditure on services

87 The share of the States from the net tax revenue of the Central government, recommended by the 14th Finance Commission is Per cent more than what was recommended by the 13th Finance Commission

10 per cent

88 The following repo rate and reverse repo rate are applicable from February 2019

6.25 per cent and 6.00 per cent

89 Marginal Cost of funds based Lending Rate (MCLR) refers to

Minimum rate of interest below which a bank can not lend

90 . India's debt to GDP ratio in the year 2017 - 18 was

45.6%

Question Number: 91

Which of the following is correct? Owner's Equity is:

(Current Assets + Fixed Assets) – (Current Liabilities + Long term Liabilities)

Question Number: 92

Which of the following statement is correct with regard to Periodicity concept:

All the given options.

Question Number: 93

While using materiality concept an item is considered as material if:

It is of such significance that its exclusion or wrong inclusion will influence the decisions of the user of financial statement.

Question Number: 94

Contingent liability is shown as footnote of balance sheet due to:

Convention of full disclosure

Question Number: 95

Ram purchased a car for Rs. 10,000 paid Rs. 3,000 as cash and balance amount will be paid in three equal installments. Due to this:

Assets will increase by Rs. 7,000 with corresponding increase in liability by Rs. 7,000

Question Number: 96

On intra- state purchase of goods, which of the following accounts are debited:

Input CGST Account and Input SGST Account

Question Number: 97

Ram Lal, a debtor of Rs. 2,000 became insolvent and a dividend of 50% is declared by the official receiver. The entry is:

<u>Bad debts A/c</u>	Dr.	<u>1,000</u>
To Debtors A/c		<u>1,000</u>

Question Number: 98

What is the credit sale if cash sales is Rs. 10,000; collections from debtors is Rs. 4,00,000; bad debts Rs. 25,000 and opening and closing balance debtors is Rs. 25,000 and Rs. 75,000 respectively?

Rs. 4,75,000

Question Number: 99

Cash Sales	Rs. 50,000
Cash collected from debtor	Rs. 1,30,000
Bad debts during year	Rs. 5,000
Debtors at beginning	Rs. 10,000

Total Sales will be:

Rs. 1,75,000

Question Number: 100

A opened an account with Rs. 5,000 on 3/12/18. He deposited Rs. 1,000 on 7/12/18. He withdraw Rs. 2,000 on 15/12/18 and deposited a cheque of Rs. 10,000 on 20/12/18. What is the balance on 31/12/18?

Rs. 14,000

Question Number: 101

An invoice of Rs. 560 is entered in the sales book as Rs. 650. The total of the debit side of the Trial Balance is Rs. 21,240. Assuming no other error, what is the total of the credit side of the Trial Balance?

Rs. 21,240

Question Number: 102

It was discovered that purchase of a typewriter for Rs. 450 was recorded by a debit of Rs. 450 to office equipment account and a debit of Rs. 450 to creditors account. The credit column of the trial balance totals Rs. 48,100. What should be the total of the debit column before the correction of this error?

Rs. 49,000

Question Number: 103

A cheque of Rs. 1000 received from Ramesh was dishonored and had been posted to the debit of sales return account. Rectifying journal entry will be:

Ramesh	Dr.	Rs. 1,000
To Sales Return A/c		Rs. 1,000

Question Number: 104

The Pass Book showed the following:

- a. Rs. 500 premium paid (on the joint life policy) according to standing instructions; and
- b. Rs. 2000 collected against a promissory note

There was no entry in the cash book for the above. If the overdraft balance as per cash book is Rs. 20,000, the overdraft balance as per Pass Book will be:

Rs. 18,500

Question Number: 105

Given that the balance of furniture on 1/1/2018 is Rs. 8,000, furniture purchase during the year is Rs. 4,000, sale of furniture on no profit no loss basis is Rs. 2,000 and the furniture balance at Rs. 7,000 on 31/12/2018. The depreciation for the year 2018 is:

Rs. 3,000

Question Number: 106

N Ltd. Which since 1/4/2016, depreciates its Machinery @ 10% per annum according to straight line method, had on 1/4/2018 Rs. 4,86,000 balance in its Machinery account. Ascertain the original cost of the Machinery:

Rs. 6,07,500

Question Number: 107

Price of the computer	Rs. 50,000
Residual value	Rs. 10,000
Hours worked for the year	6,000 hours
Estimated life of computer	20,000 hours

Calculate the amount of depreciation.

Rs. 12,000

Question Number: 108

From the following particulars for the years 2017 and 2018 determine the value of the closing stock at the end of 2018.

	2017	2018
	Rs.	Rs.
Opening stock	20,000	30,000
Purchases	1,20,000	2,10,000
Sales	2,00,000	2,40,000

Uniform rate of gross profit may be assumed.

Rs. 1,08,000

Question Number: 109

Arrange the following items of balance sheet in the liquidity order?

- a. Cash at bank
- b. Cash in hand
- c. Plant and machinery
- d. Sundry debtors
- e. Goodwill

Codes:

b, a, d, c, e

Question Number: 110

Calculate the amount of total purchases from the following information:

	Rs.
Opening Creditors	30,000
Closing Creditors	50,000
Cash paid to creditors during the year	60,000

Cash purchases 20,000
Rs. 1,00,000

Question Number: 111

In case of net worth method of Single Entry System, profit is ascertained by
Comparing the capital in the beginning of the accounting period and the capital at the end of the accounting period.

Question Number: 112

If the Profit is 25% on sales, then what percentage of profit is on cost?

33%

Question Number: 113

Subscription received in cash during the year amounted to Rs 60,000; subscription received in advance for the next year was Rs. 3,000 and received in advance during previous year was Rs 2,000. Subscription in arrear at the end of current year was Rs. 5,400. The amount credited to Income & Expenditure Account will be:

Rs. 64,400

Question Number: 114

The opening balance of Prize Fund was Rs. 32,800. During the year, donations received towards this Fund amounted to Rs. 15,400; amount spent on prizes was Rs. 12, 300 and interest received on prize fund investment was Rs. 4,000. The closing balance of Prize Fund will be:

Rs. 39,900

Question Number: 115

Salary paid in cash during the current year was Rs. 80,000; outstanding salary at the end was Rs. 4,000; salary paid in advance last year pertaining to the current year was Rs. 3,200; paid in advance during current year for next year was Rs. 5,000. The amount debited to Income and Expenditure Account will be:

Rs. 82,200

Question Number: 116

Suspense account is a:

Any of the above

Question Number: 117

Imprest amount- Rs. 500. What will be the amount of re- imbursement if following expenses were incurred by the petty cashier during the month: Telephone- Rs 150; Tiffin- Rs. 50; Repairs- Rs. 30; and General expenses- Rs. 100

Rs. 330

Question Number: 118

The following data has been provided by Omega Ltd:

Item No.	Units	Cost per unit	Realization value per unit
1	2	10	11
2	10	5	4
3	2	2	2

The value of inventory on items will be:

Rs. 64

Question Number: 119

	Rs.
Opening stock	40,000
Closing stock	50,000
Purchases	5,50,000
Return outwards	5,000
Return inwards	20,000
Carriage inward	5,000

If gross profit is 20% of sales, the gross sales will be:

Rs 6,95,000

Question Number: 120

Match the transactions in column I with relevant subsidiary books in column II

Column I

- a. Credit purchases
- b. Depreciation
- c. Goods returned to Alisha
- d. Trade discount allowed

Column II

- 1. Return outward book
- 2. Sales book
- 3. Journal proper
- 4. Purchase book

Codes:

a	b	c	d
4	3	1	2

121. The representation of -0_{10} in Sign Magnitude form is:

10000000

122. The full form of ASCII is

American Standard Code for Information Interchange

123. Which of the following statements is not true?

**An algorithm is generally expected to be effective and
An expression of a computational method in a computer language is called a program
are true**

124. If negative numbers are stored in 2's complement form, the range of numbers that can be stored in 8 bits is

-128 to +127

125. **max** is a function that returns the larger of the two integers, given as arguments. Which of the following statements will not find the largest of three given numbers?

max (a, max (a,c))

126. Consider the following algorithm A1 (here, **m**, **n** and **r** are integers). What will be its output?

- E1 Divide m by n and let r be the remainder ($0 \leq r < n$)
- E2 If $r = 0$, end; n is the answer
- E3 set $m \leftarrow n$, $n \leftarrow r$, go to step E1

The greatest common divisor of m and n

127. Consider the algorithm A1, as written in Q 10.

The average number of times the step E1 of A1 is performed when $n = 5$ is:

Deleted

128. The ASCII values of E and e, respectively are

69, 101

129. The cost for storing a bit is minimum in

Magnetic tape

130. The binary equivalent of the gray code 11101 is:

10110

131. If integer needs two bytes of storage, then the maximum value of signed integer is

$2^{15}-1$

132. Which of the following is the minimum error code?

Gray code

133. In a Spreadsheet, the following expression

=IF(AND(A1<>"",B1<>""),IF(B1<>0,A1/B1,"Division by zero"),"") means that

If cells A1 and B1 are not empty, and B1 is not zero, then divide A1 by B1, if B1 is zero, then display "Division by zero", and do not display anything if either A1 and B1 are empty.

134. The decimal equivalent of -1101.0101_2 is:

-13.3125₁₀

135. The average successful search time taken by binary search on a sorted array of 10 items is:

2.9

136. Logical right shift (3 bits) and Arithmetic right shift (3 bits) of 10100110, respectively are:

00010100 and 11110100

137. Consider decimal 185. To encode this in BCD, the number of bits required will be:

12

138. If memory access take 20ns with cache and 110ns without cache, then the hit-ratio (cache uses a 10ns memory) is:

90%

139. Indicate which one is TRUE.

Both 1 and 2

Word size is an important characteristic of computer architecture and In a processor, majority of registers are word sized

140. Let a, b be two non-negative integers. $find(x,y)$ is a function which returns 0 if $x < y$ else returns $(x-y)$. Which of the following calls finds the positive difference of a and b ?

find(a,b) + find(b,a)

141. How many 32k x 8 RAM chips are needed to provide a memory capacity of 256k bytes?

8

142. A computer with a 32 bit wide data bus uses 4 k x 8 static RAM memory chips. The smallest memory this computer can have is

16 kb

143. The values of x and y, if $(x567)_8 + (2yx5)_8 = (71yx)_8$ are

4, 3

144. Which one of the following information is correct regarding numbers in a Spreadsheet?

Numbers are stored internally to 15 significant figures (though display may differ) and the full value is used in calculations

145. In sign magnitude 8 bit and two's complement 16 bit the number -18 will be represented, respectively, as:

10010010 and 1111111111101110

146. In Microsoft Excel both line chart and column chart may be combined together using

Combo Chart Option

147. In SI unit, the prefix "peta" amounts to

10^{15}

148. The number of different characters represented by ASCII-8 is

256

149. If $(11Y1Z)_8 = (12C9)_{16}$, then the value of Y and Z are:

None of the above

150. In Two's complement representation overflow may occur:

If two numbers with the same sign are added and the result has the opposite sign

