

RESEARCH COMMON ENTRANCE TEST 2010
COMMERCE

Time : 90 Minutes

Max. Marks : 100

Answer ALL the questions

ALL questions carry EQUAL marks

Multiple Choice Questions (1 to 100)

1. One of the following is not a function of management
 - (1) Planning
 - (2) Controlling
 - (3) Leasing
 - (4) Organizing
2. Motivation Hygiene Theory is stated by
 - (1) Victor Vroom
 - (2) Herzberg
 - (3) Mc. Gregor
 - (4) Mc. Clelland
3. 'Grapevine' is an example of
 - (1) Formal communication
 - (2) Informal communication
 - (3) Written communication
 - (4) Pictorial communication
4. Line authority is characterized by
 - (1) Downward authority only
 - (2) Upward authority only
 - (3) Lateral authority
 - (4) Both (1) and (2)
5. T-Group training is an example of
 - (1) Brain-storming
 - (2) Sensitivity training
 - (3) Role playing
 - (4) Management games
6. Henry Fayol is famous for
 - (1) Rationalisation
 - (2) Scientific Management
 - (3) Principles of Management
 - (4) Motivational theories

[P.T.O.]



7. Scalar principle generates the
- (1) Inferior feelings
 - (2) Independent functioning
 - (3) Superior-subordinate relationship
 - (4) All the above
8. Groups they rely on each other only because they belong to the same parent organization have
- (1) Pooled Interdependence
 - (2) Sequential Interdependence
 - (3) Reciprocal Interdependence
 - (4) Team Interdependence
9. A frequency distribution has mean $(\bar{x}) = 110$ and median $(M_d) = 115$, then the value of mode is equal to
- (1) 120
 - (2) 125
 - (3) 130
 - (4) 225
10. The mean marks in statistics of 50 students in a class were 72, and that of the 35 boys is 75. Then the mean marks of girls in the class is
- (1) 65
 - (2) 68
 - (3) 70
 - (4) 72
11. Which of the following is NOT a measure of variability ?
- (1) Median
 - (2) Variance
 - (3) Standard deviation
 - (4) Range
12. Approximately what percentage of scores falls within one standard deviation of the mean in a normal distribution ?
- (1) 34 per cent
 - (2) 95 per cent
 - (3) 99 per cent
 - (4) 68 per cent
13. The denominator (bottom) of the z-score formula is
- (1) The standard deviation
 - (2) The difference between a score and the mean
 - (3) The range
 - (4) The mean
14. The standard deviation is
- (1) The square root of the variance
 - (2) A measure of variability
 - (3) An approximate indicator of how numbers vary from the mean
 - (4) All of the above



15. A graph that uses vertical bars to represent data is called a
(1) Line graph (2) Bar graph
(3) Scatter graph (4) Vertical graph
16. The most frequently occurring number in a set of values is called the
(1) Mean (2) Median (3) Mode (4) Range
17. As a general rule, the _____ is the best measure of central tendency because it is more precise.
(1) Mean (2) Median
(3) Mode (4) Standard deviation
18. _____ is the set of procedures used to explain or predict the values of a dependent variable based on the values of one or more independent variables.
(1) Correlation analysis (2) Regression equation
(3) Regression analysis (4) Regression coefficient
19. The _____ is often the preferred measure of central tendency if the data are severely skewed.
(1) Mean (2) Median (3) Mode (4) Range
20. If a test was generally very easy, except for a few students who had very low scores, then the distribution of scores would be
(1) Positively skewed (2) Negatively skewed
(3) Not skewed at all (4) Normal
21. How many dependent variables are used in multiple regression ?
(1) One (2) One or more
(3) Two or more (4) Two
22. Which of these is not a method of data collection ?
(1) Questionnaires (2) Interviews
(3) Experiments (4) Observations
23. An item that directs participants to different follow-up questions depending on their response is called a
(1) Response set (2) Probe
(3) Semantic differential (4) Contingency question

[P.T.O.]



24. Researchers use both open-ended and closed-ended questions to collect data. Which of the following statements is true ?
- (1) Open-ended questions directly provide quantitative data based on the researcher's predetermined response categories
 - (2) Closed-ended questions provide qualitative data in the participant's own words
 - (3) Open-ended questions provide qualitative data in the participant's own words
 - (4) Closed-ended questions directly provide qualitative data in the participant's own words
25. Open-ended questions provide primarily _____ data.
- (1) Confirmatory data
 - (2) Qualitative data
 - (3) Predictive data
 - (4) Quantitative data
26. Another name for a Likert Scale is a (n) _____
- (1) Interview protocol
 - (2) Event sampling
 - (3) Summated rating scale
 - (4) Ranking
27. What is sampling frame ?
- (1) The report of a pilot study
 - (2) The selection of specific individuals to participate in the research
 - (3) A summary of the research process
 - (4) The listing of all units in the population from which the sample will be selected
28. Standard deviation of the sampling distribution is called as
- (1) Standard error
 - (2) Probable error
 - (3) Common error
 - (4) Sampling error
29. The coefficient of correlation
- (1) Has no limits
 - (2) Can be less than 1
 - (3) Can be greater than 1
 - (4) Varies between +1 and -1
30. The difference between the highest and the lowest values of a distribution is called
- (1) Mean Deviation
 - (2) Standard Deviation
 - (3) Quartile Deviation
 - (4) Range



31. The shape of distribution is described through
- (1) Correlation
 - (2) Skewness
 - (3) Dispersion
 - (4) Regression
32. The fundamental issue of economics is to
- (1) Prove that market systems are superior to socialist systems
 - (2) Choose the proper goods for a society to produce
 - (3) Distribute income as equally as possible
 - (4) Analyze choices that must be made because of the scarcity of resources
33. Within a market economy, there is
- (1) Little room for individual decision making
 - (2) A complex planning agency
 - (3) A reliance on the price system to allocate resources
 - (4) Significant centralization of economic power
34. Marginal cost is the cost
- (1) That your activity imposes on someone else
 - (2) That arises from a small increase in an activity
 - (3) Of an activity that exceeds its benefit
 - (4) That arises from the secondary effects of an activity
35. The concept of 'optimum firm' is developed by
- (1) Sargant Florence
 - (2) EAG Robinson
 - (3) Robertson
 - (4) Pigou
36. Which best describes a demand curve ?
- (1) The quantity consumers would like to buy in an ideal world
 - (2) The quantity consumers are willing to sell
 - (3) The quantity consumers are willing and able to buy at each and every income all other things unchanged
 - (4) The quantity consumers are willing and able to buy at each and every price all others unchanged

[P.T.O.]

37. According to the law of diminishing utility
- (1) Utility is at a maximum with the first unit
 - (2) Increasing units of consumption increase the marginal utility
 - (3) Marginal product will fall as more units are consumed
 - (4) Total utility will rise at a falling rate as more units are consumed
38. The lender of last resort is
- | | |
|---------------------|---------------------------------|
| (1) Commercial Bank | (2) Central Bank |
| (3) World Bank | (4) International Monetary Fund |
39. FDI is prohibited in the following sector
- | | |
|----------------------|-------------------|
| (1) Lottery Business | (2) Power Sector |
| (3) Banking Sector | (4) All the above |
40. "Bad money drives good money out of circulation" is
- | | |
|----------------------------|-------------------------------|
| (1) Grehsam's law | (2) Walker's law |
| (3) Modern theory of money | (4) Classical theory of money |
41. In a typical demand schedule, quantity demanded
- | | |
|--------------------------------|---------------------------------------|
| (1) Varies directly with price | (2) Varies inversely with price |
| (3) Is independent of price | (4) Varies proportionately with price |
42. What is a company's marketing environment ?
- (1) The climate and natural world
 - (2) The marketing department within a company
 - (3) Actors and forces outside of a company, and the marketing functions that affect marketing management
 - (4) The land area around a company's headquarters
43. What is a company's micro-environment ?
- (1) A company's operating policies
 - (2) The detailed processes needed to achieve total quality control
 - (3) The machines and tools a company uses to make the products
 - (4) A company's departments, suppliers, and other publics which make up its value delivery chain



44. What are marketing intermediaries ?
- (1) Wholesalers
 - (2) Firms that help the company promote, sell, and distribute its goods to final buyers
 - (3) Retailers
 - (4) Competitors that come between a company and its customers
45. What are marketing services agencies ?
- (1) Companies that supply pure services to the final consumer
 - (2) Suppliers
 - (3) Firms that supply financial resources to a company
 - (4) Firm that help the company target and promote its products to the right markets
46. What is the name for the study of human populations in terms of size, density, location, age, gender, race and other such details ?
- | | |
|-------------------|------------------|
| (1) The census | (2) Demographics |
| (3) Socio-physics | (4) Statistics |
47. Which of the following is not trend in the natural environment ?
- (1) Government intervention in natural resource management
 - (2) Shortages of raw materials
 - (3) Increased pollution
 - (4) Reduced cost of energy
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49. Cognitive dissonance occurs in which stage of the buyer decision process model ?
- | | |
|--------------------------------|----------------------------|
| (1) Need recognition | (2) Information search |
| (3) Evaluation of alternatives | (4) Post purchase behavior |

[P.T.O.]



50. If a company's objective were to reach masses of buyers that were geographically dispersed at a low cost per exposure, the company would likely choose which of the following promotion forms ?
- (1) Advertising
 - (2) Personal selling
 - (3) Public relations
 - (4) Direct selling
51. The fact that services are sold, produced, and consumed at the same time refers to which of the following service characteristics ?
- (1) Intangibility
 - (2) Inseparability
 - (3) Variability
 - (4) Perishability
52. What is contributing to organizations taking a look at employee groups that had previously been overlooked, ignored, shutout ?
- (1) Government monetary incentives
 - (2) New behaviour management theories
 - (3) Economic pressures
 - (4) Technology revolution
53. Quality goals require alignment with
- (1) Production
 - (2) Human resources
 - (3) Finance
 - (4) Purchases
54. Human resource management function does not involve
- (1) Recruitment
 - (2) Selection
 - (3) Cost control
 - (4) Training
55. Identify the top most goal of human resource management
- (1) Legal compliance
 - (2) Competitive edge
 - (3) Work force adaptability
 - (4) Productivity
56. Wide range of abilities and attributes possessed by people are called as
- (1) Management
 - (2) Human resources
 - (3) Entrepreneur
 - (4) Intrapreneur
57. To achieve goals, organizations require employees
- (1) Control
 - (2) Direction
 - (3) Commitment
 - (4) Cooperation



58. What are core competencies ?

- (1) Resources which critically underpin competitive advantage and that others cannot obtain
- (2) Activities and processes needed to meet customers' minimum requirements and therefore continued to exist
- (3) Key skills required for success in a particular business
- (4) Activities that underpin competitive advantage and are difficult for competitors to imitate or obtain

59. The purpose of SWOT analysis is to analyse

- (1) the business environment in which an organization operates
- (2) the strategic capability of an organization
- (3) the business environment and the strategic capability of an organization relative to its competitors
- (4) external and organizational environments

60. The long-run objective to financial management is to

- (1) maximize earnings per share
- (2) maximize the value of the firm's common stock
- (3) maximize return on investment
- (4) maximize market share

61. Trading on equity means

- (1) use of equity capital for trade financing
- (2) trading in equity share capital
- (3) use of fixed-cost bearing funds to increase return on equity
- (4) having no borrowed funds in capital

62. The relationship between EBIT and EPS gives

- | | |
|------------------------|--------------------------|
| (1) operating leverage | (2) financial leverage |
| (3) composite leverage | (4) price-earnings ratio |

63. The discount rate used in evaluating the desirability of investment projects is

- | | |
|-------------------------------|--------------------------------------|
| (1) cost of debt capital | (2) cost of equity capital |
| (3) cost of preferred capital | (4) weighted average cost of capital |

[P.T.O.]



64. Sale of receivables to specialized institutions to improve liquidity is known as
(1) underwriting (2) broking
(3) factoring (4) leasing
65. What are the earnings per share (EPS) for a company that earned Rs. 7,50,000 last year in after-tax profits, has 2,00,000 common shares outstanding and Rs. 22,50,000 in retained earnings at the year end ?
(1) Rs. 15 (2) Rs. 11.25 (3) Rs. 3.75 (4) Rs. 3.00
66. Growth Fund is a Mutual Fund that
(1) assures growth in income (2) invests in fixed income securities
(3) gives fixed return (4) invests primarily in equities
67. The focal point of financial management in a firm is
(1) the number and types of products and services provided by the firm
(2) the minimization of the amount of taxes paid by the firm
(3) the creation of value for shareholders
(4) the rupee profits earned by the firm
68. The decision function of financial management can be broken down into the
(1) financing and investment
(2) investment, financing and asset management
(3) financing and dividend
(4) capital budgeting, cash management and credit management
69. Which one of the following must be adjusted for taxes ?
(1) Cost of preferred stock (2) Cost of common stock
(3) Cost of retained earnings (4) Cost of debt
70. For calculating market value using P/E ratios, it is necessary to know
(1) the rate of dividend (2) average profits
(3) market price of the share (4) earnings per share
71. One of the following is not an instrument traded in the capital market
(1) Treasury bill (2) Convertible debenture
(3) Gilt-edged security (4) Equity share

72. What is the amount of average stock, if sales are Rs. 4,00,000, stock turnover is 10 and gross profit is 25 per cent ?

- (1) Rs. 40,000 (2) Rs. 30,000 (3) Rs. 32,000 (4) Rs. 25,000

73. The practice of appending notes regarding contingent liabilities in accounting statements is in pursuance to

- (1) convention of consistency (2) money measurement concept
(3) convention of conservatism (4) convention of disclosure

74. The cash discount allowed to a debtor should be credited to

- (1) Discount account (2) Customer's account
(3) Sales account (4) Cash account

75. Which of the following is a correct expression of the accounting equation ?

- (1) Assets – Liabilities = Owner's Equity
(2) Assets = Liabilities – Owner's Equity
(3) Assets + Owner's Equity = Liabilities
(4) Assets = Liabilities + Owner's Equity

76. Which of the following statements is true concerning assets ?

- (1) They are recorded at cost and adjusted for inflation
(2) They are recorded at market value for financial reporting because historical cost is arbitrary
(3) Accounting principles require that companies report assets on the income statement
(4) Assets are measured using the cost concept

77. The firm must be treated as financially separate and distinct from its owners.

This rule is known as

- (1) The accounting equation (2) The dual aspect concept
(3) The business entity concept (4) The balance sheet

[P.T.O.]

SKU RESCET – 1012



78. A firm buys stock for Rs. 1,000 by cheque and intends to sell it for Rs. 2,000, so the double-entry should be

- (1) Debit bank Rs. 1,000, credit stock Rs. 1,000
- (2) Credit bank Rs. 2,000, debit stock Rs. 2,000
- (3) Debit purchases Rs. 1,000, credit sales Rs. 2,000
- (4) Debit purchases Rs. 1,000, credit bank Rs. 1,000

79. Beta of a security is a measure of

- (1) Unsystematic risk
- (2) Diversifiable risk
- (3) Systematic risk
- (4) Business risk

80. A company declares Rs. 2 dividend on the equity share of face value of Rs. 5. The share is quoted in the market at Rs. 80 the dividend yield will be

- (1) 20%
- (2) 4%
- (3) 40%
- (4) 2.5%

81. The word 'credit' in book-keeping means


- (1) Add value on to an account
- (2) Deduct value from an account
- (3) Left-hand entry in an account
- (4) Right-hand entry in an account

82. Which of the following is an example of 'revenue expenditure' ?

- (1) The buying of a delivery van
- (2) Paying for a five-year lease on shop premises
- (3) Putting petrol in a delivery van
- (4) Repayment of a loan taken three years ago

83. Which one of the BEST describes 'purchases' ?

- (1) Items bought
- (2) Goods bought for re-sale
- (3) Goods paid for
- (4) Furniture purchased



84. Ram Srinivas sends back stock to S.S. Ramesh (a supplier), having originally purchased it on credit. S.S. Ramesh issued a credit note for the value of these goods. In Ram Srinivas's books, the double-entry for this transaction should be

- (1) Debit S.S. Ramesh; credit purchases
- (2) Debit purchases; credit S.S. Ramesh
- (3) Debit S.S. Ramesh; credit purchase returns
- (4) Debit purchase returns; credit S.S. Ramesh

85. The model of value differences was first designed by

- (1) Abraham Maslow
- (2) Frederick Taylor
- (3) Frederick Herzberg
- (4) Geert Hofstede

86. Which of the following value dimension has a focus that looks at the value of self versus group ?

- (1) Uncertainty avoidance
- (2) Masculinity vs femininity
- (3) Power distance
- (4) Individualism vs collectivism

87. _____ can impact international business operations by its affect on business hours, holidays and days of rest.

- (1) Paralanguage
- (2) Communication barriers
- (3) Religion
- (4) Cultural knowledge

88. Two areas that are influencing and impacting corporations and managers today are the rapid pace of change and

- (1) demographic increases
- (2) complexity of the work environment
- (3) organizational culture changes
- (4) managerial ineptness

89. The field of organizational behaviour examines such questions as the nature of leadership, effective team development, _____ and _____

- (1) interpersonal conflict resolution; motivation of individuals
- (2) organizational control; conflict management
- (3) motivation of individuals; planning
- (4) planning; development

[P.T.O.]

SKU RESCET - 1012



90. _____ is attributed with developing the scientific management perspective.
- (1) Elton Mayo (2) Robert Owens
(3) Frank Gilbreth (4) Frederick Taylor
91. Which perspective is being hailed as being responsible for launching research into such topics as leadership effectiveness and group dynamics ?
- (1) Human relations approach (2) Scientific management
(3) Contingency approach (4) Hawthorne effect
92. Of the four building block skills which one is frequently considered to be the largest behaviour management challenge ?
- (1) The ability to inspire employees
(2) The ability to analyse situations correctly
(3) Personal flexibility and adaptability
(4) Outstanding perceptual skills
93. Which of these skills is considered to be the cornerstone of the four building block skills ?
- (1) Personal flexibility (2) Self-insight
(3) Perceptual skills (4) Leadership capabilities
94. Which of these approaches argues that there is no single best way to manage behaviour ?
- (1) Hawthorne (2) Scientific management
(3) The cornerstone skill (4) Contingency approach
95. _____ is/are a key trend that is having a significant impact on behaviour management today.
- (1) Information technology
(2) Reverse discrimination
(3) Decreasing the amount of training for managers
(4) Stay-at-home mothers

