



1. The fundamental set of assumptions, values, and ways of doing things, that has been accepted by most of a company's members is called its
A) Culture B) Environment C) Atmosphere D) Values
2. Key actors in a business's immediate environment include
A) Regulations B) Technology C) Economy D) Politics
3. Which of the following is not one of the competitive forces ?
A) Suppliers B) Other competitors
C) External environment D) Customers
4. A firm can exercise greater control over its suppliers by
A) Having more suppliers B) Having fewer suppliers
C) Having global suppliers D) Having local suppliers
5. The four basic strategies a company can employ to deal with competitive forces are
A) Increase process efficiency, implement demand control, focus on market niche, and low-cost leadership
B) Strengthen customer and supplier intimacy, focus on market niche, product differentiation, and implement demand control
C) Focus on market niche, product differentiation, mass customization, and implement demand control
D) Strengthen customer and supplier intimacy, focus on market niche, product differentiation, and low-cost leadership
6. Benchmarking
A) Compares the efficiency and effectiveness of your business processes against strict standards
B) Allows industry participants to develop industry-wide standards
C) Is used to measure the speed and responsiveness of information technology
D) Synchronizes the business processes of customers, suppliers, and trading partners
7. Among these four countries, which is the most recent member of the WTO ?
A) United States B) United Kingdom C) Russia D) China
8. Some policies are imposed by external forces, such as
A) Governmental regulatory agencies B) Employee demands
C) Management decisions D) Lack of funding
9. FEMA is a replacement to which Act ?
A) MRTP Act B) FERA
C) Competition Act D) Companies Act



10. Critical success factors in the public sector usually relate to one of the following
- A) More than one stakeholder
 - B) The expectations of service users
 - C) Government imposed standards
 - D) The expectations of the providers of funds
11. Which one of the following could be most effective in preventing a potential competitor from entering the market ?
- A) High capital costs
 - B) Differentiation
 - C) Retaliation
 - D) Low switching costs for buyers
12. FIIs influence which among the following the most ?
- A) Stock market
 - B) Industrial investment
 - C) Corporate taxation
 - D) Automobiles
13. 'Fortune at the Bottom of the Pyramid' is a book authored by
- A) Peter Drucker
 - B) Robin Sharma
 - C) CK Prahalad
 - D) Al Ries
14. Dual citizenship is being offered to
- A) Non Resident Indian individuals
 - B) Non Resident Indian businessmen
 - C) Non Resident Indian women
 - D) Non Resident Indian men
15. What is the most significant organ of WTO ?
- A) Committee on trade and development
 - B) Council for trade of goods
 - C) Ministerial conference
 - D) General council
16. What does the acronym TRIPS stand for ?
- A) Trade Related Industrial Property Rights
 - B) Trade Related International Property Rights
 - C) Trade Related Intellectual Property Rights
 - D) Trade Related Indian Property Rights
17. Which of the following factors contributes least to economic growth ?
- A) Greater economic freedom
 - B) Large amounts of natural resources
 - C) Low rates of inflation
 - D) High investment in physical and human capital



18. The Human Development Index (HDI) summarizes a great deal of social performance in a single composite index, combining
- A) Disparity reduction rate, human resource development rate and the composite index
 - B) Longevity, education and living standard
 - C) Minimum schooling, adult literacy and tertiary educational attainment
 - D) Human resource training, development and R&D
19. Dell Computer's use of information systems to improve efficiency and implement "mass customization" techniques to maintain consistent profitability and an industry lead illustrates which business objective?
- A) Improved flexibility
 - B) Improved business practices
 - C) Competitive advantage
 - D) Survival
20. What term is used to refer to all of the computer-based information systems used by organizations and their underlying technologies?
- A) Network technology
 - B) Digital technology
 - C) Information technology
 - D) Productivity technology
21. The field that deals with behavioral issues as well as technical issues surrounding the development, use, and impact of information systems used by managers and employees in the firm is called
- A) Information systems literacy
 - B) Management information systems
 - C) Information systems architecture
 - D) Information technology infrastructure
22. Which of the following is not a type of information system?
- A) Transaction processing system
 - B) Decision support system
 - C) Target processing system
 - D) Executive support system
23. An information skill important for an accounting manager would be
- A) An understanding of system and network security issues
 - B) An understanding of product management enterprise systems
 - C) An understanding of supplier management enterprise systems
 - D) An understanding of enterprise systems that enhance leadership
24. The use of digital technology and the Internet to execute the major business processes in the enterprise is called
- A) e-commerce
 - B) e-business
 - C) enterprise applications
 - D) MIS



25. Of the following, a focus group would be best suited for
- A) Finding out how much consumers will pay for an alarm clock
 - B) Finding out what kinds of general issues surrounding children's consumption of snacks that mothers care about
 - C) Finding out about illegal drug use
 - D) Determining whether consumers would prefer a soft drink containing four percent sugar or one is containing ten percent
26. A manufacturer of vitamin supplements would like to determine if women are more likely to buy calcium supplements in pink, as opposed to blue, containers. This vitamin supplement is not yet available in the market. Of the following, which research method would be most appropriate ?
- A) Focus groups
 - B) Questionnaires
 - C) Experimentation
 - D) Scanner data
- 27/ Which is the most commonly used sampling methodology ?
- A) Quota sampling
 - B) Area sampling
 - C) Stratified random sampling
 - D) Simple random sampling
- 28/ Under which category of research designs is Longitudinal Design placed ?
- A) Exploratory
 - B) Descriptive
 - C) Quasi-experimental
 - D) True-experimental
29. The process of selecting a subset of a population for a survey is known as
- A) Survey research
 - B) Representation
 - C) Triangulation
 - D) Sampling
30. Construct validity is best defined by
- A) The generalizability of research findings to settings and populations other than those involved in the research
 - B) The validity of the inference that changes in the independent variable result in changes in the dependent variable
 - C) The fact that research participants are likely to want to be seen in a positive light and may therefore adjust their responses or behaviour in order to avoid being negatively evaluated
 - D) The validity of the assumption that independent and dependent variables adequately capture the abstract variables they are supposed to represent
31. What is an ordinal data ?
- A) Ordinary data
 - B) Ranked data
 - C) Numbers
 - D) Measured data
32. Delphi technique deals with
- A) Simple respondents
 - B) Experts
 - C) Enumerators
 - D) Celebrities



33. One way ANOVA is a
- A) Parametric test
 - B) Non parametric test
 - C) Both of these
 - D) None of these
34. TAT means
- A) Theme Application Test
 - B) Thematic Application Test
 - C) Thematic Appreciation Test
 - D) Thematic Apperception Test
35. Expand SPSS
- A) Software Package for Statistical Science
 - B) Statistical Package for Social Sciences
 - C) Software Package for Social Sciences
 - D) Statistical Package for Software Sciences
36. What is meta analysis in research ?
- A) A technique for correcting the errors in individual studies within a survey of a large number of studies, to demonstrate the effect of a particular variable
 - B) A process of secondary-data gathering to assemble all the possibilities for a variable's effects
 - C) A substitute for original research, which is justified by constraints of time or money
 - D) A specialized step in a computer software program
37. According to Herzberg, which of the following is a maintenance factor ?
- A) Salary
 - B) Work itself
 - C) Responsibility
 - D) Recognition
38. One of the most helpful mechanisms for refining a spoken or written communication is called the
- A) Grapevine
 - B) Counseling service
 - C) Effective communication
 - D) Complaint system
39. A major problem with a task force type of management is
- A) There is no logical basis for task force information
 - B) Its status is too inflexible
 - C) Accountability
 - D) Lack of planning
40. The problem-solving process begins with
- A) Clarification of the situation
 - B) Establishment of alternatives
 - C) Identification of the difficulty
 - D) Isolation of the cause



41. Functional managers are responsible
- A) For a single area of activity
 - B) To the upper level of management and staff
 - C) For complex organizational sub-units
 - D) For obtaining copyrights and patents for newly developed processes and equipment
42. While guiding organization members in appropriate directions, a manager exhibits
- A) Consideration behavior
 - B) Authoritarian behavior
 - C) Theory Y behavior
 - D) Leadership behavior ✓
43. One method of bringing a group to agreement is called
- A) Proportional values
 - B) Consensus ✓
 - C) Accordance
 - D) Conformance
44. The concept of power refers to
- A) Defined authority and responsibility
 - B) A relative hierarchical position in an organization
 - C) The ability to influence the behavior of others
 - D) The specialized knowledge possessed by an individual
45. Individuals such as Bill Gates and Steven Jobs lead through which type of power ?
- A) Legitimate
 - B) Reward
 - C) Expert
 - D) Charismatic
46. A hierarchy
- A) Is based on a clear-cut division of labour
 - B) Is composed primarily of experts trained for different functions
 - C) Is a pyramid structure of rising authority and responsibility
 - D) All of the above
47. Poor business processes and unsupportive culture are examples of which dimension of business problem ?
- A) Management
 - B) Organizational
 - C) People
 - D) Infrastructure
48. The primary activities of a firm include
- A) Inbound logistics, operations, outbound logistics, sales and marketing, and service
 - B) Inbound logistics, operations, outbound logistics, technology, and service
 - C) Procurement, inbound logistics, operations, technology, and outbound logistics ✓
 - D) Procurement, operations, technology, sales and marketing, and service



49. Strategic planning as a broad concept consists of
- A) Corporate strategy and business strategy
 - B) Strategy formulation and strategy implementation
 - C) Inputs and outputs
 - D) Environmental analysis and internal analysis
50. For a company seeking to implement a growth strategy, which among the following could be a tactical option ?
- A) Demarketing
 - B) Joint ventures
 - C) Dump strategy
 - D) None of these
51. In general, if a policy is not thought out and established
- A) A situation requiring action will arise
 - B) Social issues will cause change in the organization
 - C) Managers will be hired from the outside
 - D) There will be significant staff turnover
52. Divesting a major product line or market in an organization can be termed as
- A) Layoff
 - B) Retrenchment
 - C) Growth
 - D) Diversification
53. What kind of strategy is adopted for reviving sick organizations ?
- A) Differentiation strategy
 - B) Overall cost leadership strategy
 - C) Turnaround strategy
 - D) Dependency reduction strategy
54. A _____ is a grouping of related businesses, which is amenable to composite planning treatment.
- A) SKU
 - B) SBU
 - C) Product unit
 - D) Conglomeration
55. _____ leadership style use charisma and enthusiasm to inspire people to exert them for the good of the organization.
- A) Transactional
 - B) Transformational
 - C) Status quo
 - D) Democratic
56. _____ proposed three phases of the change process for moving the organization from the present to the future.
- A) Micheal Porter
 - B) Peter Drucker
 - C) Adam Smith
 - D) Kurt Lewin
57. Toyota way is a classic example of
- A) Total productive maintenance
 - B) Lean manufacturing
 - C) Inventory management
 - D) Kaizen
58. When a company used the services of a host company in manufacturing and marketing their products, they are adopting
- A) Joint ventures
 - B) Strategic alliances
 - C) Marketing understanding
 - D) Equity participation



59. Rohan Company owns land which cost Rs. 1,00,000. If a "quick sale" of the land was necessary to generate cash, the company feels it would receive only Rs. 80,000. The company continues to report the asset on the balance sheet at Rs. 1,00,000. This is justified under which of the following concepts ?
- A) The historical-cost principle B) The market value principle
C) Neither of the above D) Both "A" and "B"
60. Which of these items would be accounted for as an expense ?
- A) Repayment of a bank loan B) Dividends to stockholders
C) The purchase of land D) Payment of the current period's rent
61. Which of the following would not be included on a balance sheet ?
- A) Accounts receivable B) Accounts payable
C) Sales D) Cash
62. All the costs incurred by a firm in carrying out its day-to-day activities
- A) Operating costs B) Fixed costs C) Variable costs D) Overhead costs
63. An investor wants to find the amount of cash and land that a company has. Where will the investor look ?
- A) Statement of Stockholders' Equity B) Income Statement
C) Balance Sheet D) Statement of Cash Flows
64. Retained earnings may be described as
- A) The total past profits retained in the business
B) A company's future growth
C) The amount invested in the firm by its owners
D) Amounts retained for payments to vendors
65. A bank that loans money to a company is called
- A) A supplier B) A creditor ✓
C) An equity investor D) A shareholder
66. When an entrepreneur wishes to start a business, capital must be attracted in the form of
- A) Net income B) Public Deposit
C) Operating activities D) Equity or debt financing
67. If the beginning and ending balances in retained earnings are Rs.12,000 and Rs.10,000, respectively, and dividends during the year are Rs.10,000, then net income for the year is
- A) Rs. 14,000 B) Rs. 8,000 C) Rs. 18,000 D) Rs. 32,000
68. The valuation basis used to measure long-term liabilities is
- A) Present value B) Replacement cost
C) Fair market value D) Historical cost



69. Which one of the following statements best describes the concept of conservatism ?
- A) Profits should be accelerated in all cases
 - B) The measurement of an event is verifiable and reliable
 - C) The value of goods and services provided is recognized when earned
 - D) When uncertainty exists, understating assets, overstating liabilities, accelerating recognition of losses, and delaying recognition of gains is preferred
70. The most common point of revenue recognition is
- A) When the cash is collected from the customer
 - B) When the customer elects to issue the cheque to pay for goods shipped
 - C) When the goods are delivered to the customer
 - D) As the goods are being produced
71. Where would you find information on the amount of net income for the year ?
- A) Factory production reports on units produced
 - B) Auditor's Report
 - C) Income Statement
 - D) Internal Revenue Service
72. Which of the following statements is incorrect ?
- A) The cash budget is an element of a master budget
 - B) The direct labor budget is specifically dependent on the production budget
 - C) The budgeting process would normally begin with preparation of a sales budget
 - D) A continuous budget is feasible only for sales projections
73. Hanson anticipates unit sales during the first three months of the upcoming year at 5,000 for January, 4,000 for February, and 8,000 for March. If Hanson wishes to maintain its finished goods inventory at 80% of the following month's sales, and the January 1 finished goods inventory consisted of 1,000 units, how many units must Hanson produce in January ?
- A) 3,200 B) 6,400 C) 7,200 D) 8,000
74. Typical current liabilities include
- A) Prepayments by customers
 - B) Travel advances to employees
 - C) The principal portion of a mortgage note that is due beyond one year or the operating cycle, whichever is longer
 - D) Accumulated depreciation



75. Which among the following is not a factor to be considered while determining the amount of depreciation of a machine ?
A) Original cost of the machine
B) Advertisement expenses of the goods produced on the machine
C) Estimated life of the machine
D) Scrap value of the machine, if any
76. John Company produces fishing boats. From the production supervisor's perspective, depreciation on the factory is
A) Uncontrollable and fixed
B) Uncontrollable and variable
C) Controllable and fixed
D) Controllable and variable
77. Suppose the current level of output of some goods is X. If market demand is inelastic at that quantity, total revenues would be higher if output was
A) Greater than X
B) Less than X
C) Kept constant
D) Maximized
78. A firm's decision about whether to shut down or continue production would not include in its consideration
A) Accounting costs
B) Economic costs
C) Implicit costs
D) Fixed costs
79. _____ costing is the basic costing method applicable to those industries where the work consist of separate contracts, jobs, or batches, each of which is authorised by a specific order or contract.
A) Batch
B) Job
C) Personal
D) Variable
80. Sliding scale budget is also known as
A) Fixed budget
B) Flexible budget
C) Cash budget
D) Master budget
81. Difference between marginal costing and absorption costing arises out of the treatment of
A) Direct material
B) Variable overhead
C) Fixed overhead
D) Prime cost
82. A costing method in which fixed factory overheads are added to inventory valuation is
A) Direct costing
B) Marginal costing
C) Absorption costing
D) Inventory costing
83. Contribution at break-even point is equivalent to
A) Fixed cost
B) Variable cost
C) Total sales cost
D) Profit



84. Fixed cost P/V ratio gives
A) PV ratio B) Liquidity ratio C) Sales ratio D) Break even point
85. If the current standard calls for the use of 1,000 units @ Re.1 each and the actual usage is 1,050 units @ Re. 0.90 each, how much is the material price variance ?
A) Rs. 100 B) Rs. 55 C) Rs. 105 D) Rs. 50
86. A budget that summarises all budgets is called
A) Sales budget B) Flexible budget
C) Master budget D) Summary budget
87. _____ is established for use over a short period of time, usually one year but sometimes even less, and related to current conditions, that is, average conditions which are likely to prevail during the budget period.
A) Basic budget B) Flexible budget
C) Current budget D) Master budget
88. _____ cost represents historical costs, incurred in the past and is irrevocable in a given situation.
A) Sunk cost B) Opportunity cost
C) Notional cost D) Out of pocket cost
89. The current ratio is also known as the
A) Turnover ratio B) Working capital ratio
C) Acid test ratio D) Liquidity ratio
90. A measure of the overall efficiency of asset utilization is the
A) Earnings per share B) Receivable turnover rate
C) Asset turnover rate D) Acid-test ratio
91. The concept of 'equivalent production' is used in
A) Process costing B) Marginal costing
C) Standard costing D) Output costing
92. A firm has a current ratio of 2.4, a quick ratio of 1.5, an inventory turnover of 6 times, and current liabilities of Rs. 6,00,000. What is the firm's level of sales ?
A) Rs. 14,20,000 B) Rs. 19,60,000
C) Rs. 21,60,000 D) Rs. 32,40,000
93. The major financial assets of a firm do not include
A) Turnover ratios B) Liquidity ratios
C) Accrued ratios D) Profitability ratios



94. MM Theory is involved in
- A) Capital budgeting
 - B) Capital structure
 - C) Working capital management
 - D) Ratio analysis
95. Which of the following statements about the cost of capital is incorrect ?
- A) A company's target capital structure affects its weighted average cost of capital
 - B) Weighted average cost of capital calculations should be based on the after-tax costs of all the individual capital components
 - C) If a company's tax rate increases, then, all else equal, its weighted average cost of capital will increase
 - D) The cost of retained earnings is equal to the return stockholders could earn on alternative investments of equal risk
96. What are short-term cancelable lease agreements called ?
- A) Dry lease
 - B) Wet lease
 - C) Operating lease
 - D) Financial lease
97. A factoring facility where the book debts are purchased by the factor, assuming 100 % credit risk is called
- A) Full service recourse factoring
 - B) Bulk/agency factoring
 - C) Non-notification factoring
 - D) Full service non-recourse factoring
98. The objectives or goals of financial management are to maximize
- A) Sales
 - B) Profits
 - C) Owner's wealth
 - D) Total assets
99. The two basic types of stock are
- A) Class A and Class B
 - B) Class A Common and Class B Common
 - C) Convertible and Common
 - D) Common and Preferred
100. Which among the following is not a model related to dividend policy ?
- A) Walter's model
 - B) Howard Seth model
 - C) Gordon's model
 - D) Modigliani and Miller's model
101. If a firm undertakes all worthwhile projects and pays out dividends when and only when funds are available, it follows the
- A) Asymmetric dividend theory
 - B) Dividend signalling hypothesis
 - C) Impairment of capital theory
 - D) Residual theory of dividends

- 13-



113. Karl Pearson method is part of
A) Correlation B) Regression C) ANOVA D) Chi square analysis
114. One of the following is not a basic assumption in linear programming models
A) Certainty B) Continuity C) Additivity D) Exclusivity
115. When a firm provides a specialized product or service for a narrow target market better than competitors, they are using a
A) Product differentiation strategy B) Market niche strategy
C) Mass customization strategy D) Process efficiency strategy
116. Customer Relationship Management (CRM), is
A) The defining concept that identifies communication between the parties to a transaction
B) A process used to retain customers when purchases are based on low price or convenience
C) Best used when the seller has infrequent customer contact
D) The combination of strategies and tools that drive relationship programs, reorienting the entire firm to a concentrated focus on satisfying customers
117. Everyday low pricing is a strategy devoted to continuous low prices as opposed to
A) Seasonal changes in prices based on current demand
B) Relying on short-term price-cutting tactics such as cents-off coupons, Rebates, and special sales
C) Prices those are set daily, weekly, or monthly in reaction to competitor's actions
D) Prices based on what the firm feels the market will bear
118. Which of the following statement is correct ?
A) Foreign Exchange markets are localized markets
B) Foreign Exchange markets operate within a country's time zone
C) Foreign Exchange markets are dynamic and round the clock markets
D) Foreign Exchange markets are used only for trade related transactions
119. India has different categories of commercial banks. Which of the following is not one such category ?
A) Private Banks B) Commodities Banks
C) Nationalized Banks D) Co-operative Banks
120. The rate at which commercial banks park their surplus funds with RBI is called
A) Repo rate B) Reverse repo rate C) Bank rate D) CRR

STATE ELIGIBILITY TEST - 2010

(Conducted on 6/6/2010)

ANSWER KEYS

Published on 8/6/2010

CORRECTION IN KEYS

Qn.No	Published Key	Corrected as
81	B	C
87	A	Question Deleted
88	D	A
104	C	B

COMMERCE

Qn.No	Key	Qn.No	Key	Qn.No	Key	Qn.No	Key	Qn.No	Key	Qn.No	Key
1	A	21	B	41	A	61	C	81	B	101	D
2	A	22	C	42	B	62	A	82	C	102	B
3	C	23	A	43	C	63	C	83	A	103	B
4	A	24	B	44	C	64	A	84	D	104	C
5	D	25	B	45	B	65	B	85	C	105	A
6	A	26	C	46	A	66	D	86	C	106	B
7	D	27	D	47	B	67	B	87	A	107	C
8	A	28	C	48	A	68	A	88	D	108	A
9	B	29	D	49	B	69	D	89	D	109	D
10	A	30	D	50	B	70	C	90	C	110	B
11	A	31	B	51	A	71	C	91	A	111	C
12	A	32	B	52	B	72	D	92	D	112	C
13	C	33	B	53	C	73	C	93	C	113	A
14	A	34	D	54	B	74	A	94	B	114	D
15	C	35	B	55	B	75	B	95	C	115	B
16	C	36	A	56	D	76	A	96	C	116	D
17	B	37	A	57	B	77	B	97	D	117	C
18	B	38	C	58	B	78	D	98	C	118	C
19	C	39	C	59	A	79	B	99	D	119	B
20	C	40	C	60	D	80	B	100	B	120	B