

QUESTION BANK

B.Com(H)

SEMESTER 1

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QUESTION BANK

MANAGEMENT PROCESS AND ORGANIZATION BEHAVIOR

B.COM-101

QUESTION BANK
MANAGEMENT PROCESS AND ORGANIZATION BEHAVIOR – BCOM 101
B.COM (H) – I

UNIT I

I MULTIPLE CHOICE QUESTIONS:

1. An efficient supervisor should possess
A. Technical skills
B. Conceptual skills
C. Human relation skills
D. All the above
ANS D.

2. Which of the following is NOT an interpersonal role of a manager?
A. figurehead
B. leader
C. disseminator
D. liaison
ANS C

3. Performing virtually all activities that involve subordinates is an example of
A. figurehead
B. leader
C. Liaison
D. None of the given
ANS C

4. The process of monitoring, comparing and correcting is called
A. Controlling
B. Coordinating
C. Leading
D. Directing
ANS A

5. Who Described the Classical Approach as the Engineering Approach?
A. Gullick
B. Fayol
C. Urwick
D. Mooney
ANS D

6. _____ is a French Industrialist Who Identified the basic Management functions.
- A. Weber
 - B. Taylor
 - C. Herzberg
 - D. Fayol
- ANS D
7. Management exists at which levels of the organization?
- A. Top
 - B. Bottom
 - C. Middle
 - D. All
- ANS D
8. Under mechanism of scientific management, scientific task setting includes
- A. Time study
 - B. Motion study
 - C. Method study
 - D. All of the above
- ANS D
9. The philosophy of management known as total quality management developed primarily out of the work of
- A. Henri Fayol
 - B. Frederick Taylor
 - C. Robert McNamara
 - D. W. Edwards Deming
- ANS C
10. Writing an Organizational Strategic plan is an example of _____
- A. Staffing
 - B. Leading
 - C. Organizing
 - D. Planning
- ANS D
11. Which of the following skill is most essential to get most out of of the people?
- A. Technical skill
 - B. Human Skill
 - C. Conceptual skill
 - D. Communication Skill
- ANS B
12. Monitoring organizational progress towards goal attainment is called
- A. Controlling
 - B. Organizing

- C. Leading
 - D. Planning
- ANS A

13. An efficient supervisor should possess
- A. Technical Skills
 - B. Conceptual Skills
 - C. Human Relations skills
 - D. All the Above
- ANS D

14. The process of monitoring, comparing and correcting is called
- A. Controlling
 - B. Coordinating
 - C. Leading
 - D. Directing
- ANS A

15. Which one of the following individuals is most closely associated with scientific management?
- A. Fredrick Taylor
 - B. Mary Parker Follett
 - C. Harold Koontz
 - D. Max Weber
- ANS A

16. A plan developed to carry out a course of action that is not likely to be repeated in the future is called
- A. Specific Plan
 - B. Single Use plan
 - C. Reaction plan
 - D. Directional plan
- ANS B

17. The degree to which jobs are standardized and guided by rules and procedures is called:
- A. Work specialization
 - B. Centralization
 - C. Decentralization
 - D. Formalization
- ANS D

18. Which of the following is not included in Decisional role of a manager?
- A. Entrepreneur
 - B. Disturbance handler
 - C. Collecting
 - D. Negotiator

ANS C

19. If a manager gives information regarding organization policies and actions, then he/she is performing an _____ role.
- A. Interpersonal
 - B. Informational
 - C. Decisional
 - D. None of the given

ANS B

20. ----- is the use of scientific method to define the “one best way” for a job to be done.
- A. Scientific management
 - B. Bureaucratic management
 - C. Administrative management
 - D. Financial Management

ANS A

21. A Finance Manager who reads the Wall Street Journal On a regular Basis would be performing which of the roles?
- A. Figurehead
 - B. Monitor
 - C. Disseminator
 - D. Interpersonal

ANS B

22. Which of the following are the principles of ‘Scientific Management’?
- A. Development of a science of work
 - B. Different Piece Rate Plan
 - C. Standardization of tools and equipment
 - D. Scientific selection of workman

ANS B

23. According to Mintzberg the leader of an organization performs _____,
- A. An Interpersonal role
 - B. An Informational role
 - C. A Decisional role
 - D. All the Above

ANS D

24. Which one of the following is NOT the main concern of ‘Scientific Management’?
- A. Production
 - B. Efficiency
 - C. Mechanistic Methods
 - D. Rationality

ANS D

25. “Hawthorne experiment” which was a real beginning of applied research in OB was conducted by
- A. Elton Mayo
 - B. Henry Fayol
 - C. F.W. Taylor
 - D. Max Weber
- ANS B
26. “----- are social inventions for accomplishing goals through group efforts”
- A. Management
 - B. Organization
 - C. Leadership
 - D. Behaviour
- ANS C
27. The Hawthorne studies are of utmost significance as they form an honest and concerted attempt to understand:
- A. The human factor
 - B. Employee attitudes
 - C. The worker’s social situations
 - D. All the above
- ANS C
28. Which one is not a recognised key skill of management?
- A. Conceptual skills
 - B. Human skills
 - C. Technical skills
 - D. Writing skills
- ANS B
29. Authority, discipline, unity of command, and unity of direction are:
- A. Taylor's four principles of management.
 - B. Principles of the human relations movement.
 - C. Elements of Weber's ideal bureaucratic structure.
 - D. Four of Fayol's fourteen principles of management.
- ANS A
30. Some of the other fields of study that affect management theory or practice include:
- A. Political science, philosophy, anthropology and sociology
 - B. Zoology, psychology, sociology and philosophy.
 - C. Anthropology, astrology, political science and psychology.
 - D. Political science, sociology, typography and economics.
- ANS D

31. The philosophy of management known as total quality management developed primarily out of the work of:
- A. Henri Fayol
 - B. Frederick Taylor
 - C. Robert McNamara
 - D. W. Edwards Deming
- ANS D
32. ----- roles involve people and other duties that are ceremonial and symbolic in nature.
- A. Informational.
 - B. Interpersonal.
 - C. Decisional.
 - D. All the given options
- ANS B
33. Which of the following is NOT an interpersonal role of a manager?
- A. figurehead
 - B. leader
 - C. disseminator
 - D. liaison
- ANS B
34. Management by Objective (MBO) is also known as
- A. Management by results
 - B. Management by goals
 - C. Management by planning
 - D. Management by evaluation
- ANS A
35. Management by Objective (MBO) is a
- A. Sets of rules
 - B. Series of procedure
 - C. Way of thinking about management
 - D. All of the above
- ANS D
36. In Management by Objective (MBO), the manager and subordinate jointly
- A. Identify Common goals
 - B. Defines each individual's major areas of responsibility
 - C. Assess the contribution of each of its members
 - D. All of the above
- ANS D
37. The following is not true for MBO
- A. It acts an effective Performance appraisal tool
 - B. The superior evaluate the individual concerned

- C. It forces the management to plan the activities in a systematic way
 - D. Better management and improved communication
- ANS B

38. The following is (are) the disadvantage(s) of Management by Objective (MBO).

- A. Inflexibility
- B. Lack of relevant skill
- C. Lack of individual motivation
- D. All of the above

ANS D

39. MBO process is as follows

- A. set worker objective – Review organizational goal –monitor progress – Evaluation – Give reward
- B. Review organizational goal – set worker objective – monitor progress –Evaluation – Give reward
- C. Review organizational goal – monitor progress – set worker objective –Evaluation – Give reward
- D. Review organizational goal – set worker objective –monitor progress–Give reward–Evaluation

ANS B

40. In MBO, objectives can be set in the following domain(s)

- A. Production
- B. Marketing
- C. R&D
- D. All of the above

ANS D

41. In MBO, objectives can be

- A. Collective
- B. individual
- C. both (A) and (B)
- D. none of the above

ANS C

42. Management by objectives (MBO) was first popularized by

- A. Henry Fayol
- B. Peter Drucker
- C. George S. Odiorne
- D. Mary Parker

ANS B

43. Management by objectives is the process of defining specific objectives

- A. within a department
- B. among the customers

- C. within an organization
 - D. all of the above
- ANS C

III SHORT ANSWER TYPE QUESTIONS

1. Explain the significance of management.
2. Explain in brief the finance function of management.
3. The term management has no universal definition. Do you agree? Support your Answer with valid reasoning.
4. Explain the contingency approach to management.
5. What are the economic objectives of an organization?
6. Differentiate between Interpersonal and Informational role of manager.
7. Organization is a system comprising of many sub systems. Elucidate.
8. The term management has no universal definition. Do you agree? Give valid reasoning
9. Differentiate between Unity of command Vs Unity of direction.
10. What do you understand by Administrative management?
11. Write briefly about any three essential qualities of production manager.
12. What are Conceptual skills and Technical skills?
13. To perform managerial functions managers, must fit in many different roles. Explain with examples.
14. Organization is a system comprised of many sub-systems. Elucidate.
15. Management is an art or science. Explain.
16. Mathematical and statistical solutions are most effective in management decision making.
17. Explain management as a process.
18. Critically evaluate Taylor's Scientific Theory of Management.
19. Differentiate between a line manager and a staff manager.
20. Explain the concept of bounded rationality
21. Differentiate between delegation and decentralization.
22. Explain Weber's Bureaucracy Theory.
23. Differentiate between management and administration.
24. Why is management called as an ongoing and never-ending process?
25. What do you understand by management by objectives?
26. Differentiate between Effectiveness Vs Efficiency?
27. Differentiate between System approach Vs Contingency approach?
28. Explain "The term management has no universal definition"?
29. Differentiate between Contingency Approach Vs Systems approach?
30. Differentiate between Management Vs Administration?

III LONG ANSWER QUESTIONS

1. What are the four basic activities that comprise the management process? How are they related to one another?
2. "Management is the art of getting things done". Do you agree with the statement? Give reasons.

3. Discuss the contribution of Taylor and Fayol to the field of Management.
4. What do you understand by a system? Discuss management as a system bringing out its basic features as such.
5. To manage is to forecast and plan to organize, to command, to coordinate and to control". Elaborate this statement.
6. What functions and duties are related with top and middle level management in modern industrial units?
7. Explain the levels of management. Enumerate and discuss their functions as well.
8. Explain the fourteen principles of management.
9. 'MBO represents rational and systematic approach to management' elucidate the statement in the light of features and objectives of MBO.
10. 'Planning is the primary requisite of any organization'. Do you agree? Support your Answer with examples.
11. "All organizations need management". Comment on this statement.
12. MBO adopts a goal oriented approach rather than a work oriented approach. Discuss.
13. What is decentralization of authority? What are its advantages and disadvantages?
14. 'The basic reason for emergence of informal groups is that the formal organization does not satisfy all the needs of the employees'. Elucidate.
15. How will you classify the levels of management in an organization? Describe the functions performed by different levels of management.
16. "Planning is mere ritual in the fast-changing environment." How far do you agree with this statement? Why?
17. Explain the relationship of planning and controlling
18. 'Decision making is the essence of managing.' Comment and explain the features of a rational decision
19. What is departmentation? Explain the various basis of departmentation.
20. Explain span of management. Do you agree with the view that the principle of "Unity of command" is not of much relevance these days?
21. What are the various stages in the process of rational decision making? Discuss with reference to a business decision.
22. "Centralization is not necessarily bad, nor is decentralization necessarily good". Elucidate the statement.
23. "Policies are guide-posts for managerial action". Discuss the statement and give at least two examples form any business management
24. "Centralization is not necessarily bad, nor is decentralization necessarily good". Elucidate the statement.
25. What is decentralization of authority? What are its advantages and disadvantages?
26. What is effective management? How does effectiveness differ from efficiency?
27. Discuss the various characteristics and functions of management.
28. What are the four basic activities that comprise the management process? How are they related to one another?
29. Describe the process of management and explain how it can be used to accomplish results in any organization.
30. Enumerate the managerial skills and state their relative importance about different levels of management in an origination.

UNIT II

I MULTIPLE CHOICE QUESTIONS:

1. One of the factors which learning organizations possess is a climate of openness and the other is
- A. Motivation
 - B. Closeness
 - C. Trust
 - D. Delegation
- ANS C

2. According to Herzberg, which of the following is a maintenance factor?
- A. Salary
 - B. Work itself B
 - C. Responsibility
 - D. Recognition
- ANS B

3. Individual employees can be converted into team player through
- A. Appropriate feedback
 - B. Training
 - C. Monitoring
 - D. Demonstration
- ANS B

4. Budget is what type of control?
- A. Standard
 - B. Process
 - C. Division
 - D. Financial
- ANS D

5. Leadership can_____ subordinates to help the organization achieve its goals.
- A. Motivate
 - B. Communicate
 - C. Direct
 - D. All of the above
- ANS A

6. Leaders who inspire followers to transcend their own self-interests for the good of the organization, and can have a profound and extraordinary effect on followers are_____ leaders.
- A. Transactional
 - B. Transformational

- C. Democratic
 - D. Autocratic
- ANS B

7. Controlling activities which are in process is
- A. Feed forward Control
 - B. Concurrent Control
 - C. Feedback Control
 - D. None of the above
- ANS B

8. _____ is a communication that flows from a higher level to one or more lower levels in the organization.
- A. Horizontal communication
 - B. Upward communication
 - C. Downward communication
 - D. None of given option
- ANS D

9. Because leading is one of the four basic managerial functions, _____ leaders.
- A. all managers are
 - B. all managers should be
 - C. some managers are
 - D. some managers should be
- ANS B

10. If a trait theory of leadership were true, then all leaders would possess _____
- A. Charisma
 - B. the same traits
 - C. Different traits
 - D. Seven traits
- ANS C

11. Which leadership style tends to centralize authority and make unilateral decisions?
- A. cultural style
 - B. autocratic style
 - C. democratic style
 - D. laissez-faire
- ANS B

12. Monica's boss allows her to make any decision she thinks is important on the spot without consulting anyone. Monica's boss has this kind of leadership style.
- A. laissez-faire
 - B. autocratic style
 - C. democratic style
 - D. hands on style
- ANS A

13. Tannenbaum and Schmidt's continuum studies suggested that managers should move toward_____ leadership styles.
- A. manager-centered
 - B. task centered
 - C. employee centered
 - D. quality centered
- ANS C
14. The two-factor theory is based on which factors?
- A. Hygiene and behavioural
 - B. Safety and self – esteem
 - C. Self - actualization and status quotient
 - D. None of the above
- ANS A
15. The process of monitoring performance, comparing it with goals and correcting any significant deviations is known as
- A. Planning
 - B. Organizing
 - C. Leading
 - D. Controlling
- ANS D
16. The theory that an individual tends to act in a certain way, with the expectation that the act will be followed by a given outcome and according to the attractiveness of the outcome is_____
- A. Equity theory
 - B. Three-needs theory
 - C. Motivation-hygiene theory
 - D. Expectancy theory
- ANS A
17. According to Abraham Maslow, the most elevated type of need is_____
- A. Self-actualization
 - B. Physiological
 - C. Esteem
 - D. Safety
- ANS A
18. Which of the following statements would a Theory X manager consider to be true?
- A. The average person can learn to accept and even seek responsibility
 - B. Employees will shirk responsibility
 - C. Employees will exercise self-direction if they are committed to the objectives
 - D. Employees view work as being as natural as play
- ANS B

19. According to Herzberg, which of the following is a maintenance factor?
- A. Salary
 - B. Work itself
 - C. Responsibility
 - D. Recognition
- ANS B
20. Which leadership theory suggests that management style should adapt itself to changing circumstances?
- A. Contingency theory
 - B. Delegation theory
 - C. Autocratic theory
 - D. Participatory theory
- ANS A
21. Basis of “Autocratic Model of OB is
- A. Economic resources
 - B. Power
 - C. Leadership
 - D. Partnership
- ANS B
22. Which of the following is not an internal force of change?
- A. technology
 - B. strategy
 - C. workforce
 - D. employee attitudes
- ANS D
23. _____ need involves the desire to affiliate with and be accepted by others
- A. Esteem
 - B. Belongingness
 - C. Safety
 - D. Self-Actualization
- ANS B
24. Challenging goals usually lead to_____ performance from individuals and groups.
- A. Higher
 - B. Lower
 - C. Excellent
 - D. None of the Above
- ANS A
25. According to Herzberg, which of the following is a maintenance factor?
- A. Salary
 - B. Work itself B

- C. Responsibility
- D. Recognition

ANS B

26. What is the term used to define the number of subordinates directly controlled by a manager?

- A. Division management
- B. Departmentation
- C. Sphere of influence
- D. Span of management

ANS D

27. What kind of organizational structure combines a vertical chain of command with horizontal reporting requirements?

- A. Line Authority
- B. Matrix
- C. Functional

ANS B

28. One of the factors which learning organizations possess is a climate of openness and the other factor is

- A. Motivation
- B. Closeness
- C. Trust
- D. Delegation

ANS C

29. Organizational Culture is retained in organizations through

- A. Stories
- B. Rituals
- C. Top Management
- D. All the above

ANS D

30. One of the most helpful mechanisms for refining a spoken or written communication is called the

- A. Grapevine
- B. Counseling service
- C. Five C.s
- D. Complaint system

ANS C

31. _____ plans have clearly defined objectives.

- A. Directional
- B. Flexible
- C. Specific

D. Standing
ANS A

32. 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.
- ANS A

33. Which pattern reflects a pure executive form of management?
- A. Functional
 - B. Line
 - C. Line and Staff
 - D. Committee
- ANS A

34. One of the factors which learning organizations possess is a climate of openness and the other factor is
- A. Motivation
 - B. Closeness
 - C. Trust
 - D. Delegation
- ANS C

35. Organizational Culture is retained in organizations through
- A. Stories
 - B. Rituals
 - C. Top Management
 - D. All the above
- ANS D

36. Which one of the following is/are leadership theories?
- A. Trait theory
 - B. Behavior theory
 - C. Contingency theory
 - D. All of these
- ANS D

37. Least Preferred Co-worker (LPC) model of leadership was developed by
- A. Martin Evans
 - B. Robert House
 - C. Fred Fielder
 - D. Whitton
- ANS C

38. Path-goal model of Leadership was introduced by
A. Martin Evans & Robert House
B. Fred Fielder
C. Whetton
D. Cameron
ANS A
39. Which of the following is not a contingency theory of leadership
A. LPC theory
B. Path Goal theory
C. Vroom-Yetton-Jago theory
D. Job centered Leadership
ANS D
40. The following is (are) the element(s) of control
A. Authority and knowledge
B. Guidance and direction
C. Constraint and restraint
D. All of the above
ANS A
41. The exception principles to control means
A. Control over significant deviations
B. Control over all deviations
C. Control over no deviations
ANS A
42. Control over the activities while they are in process is:
A. Feed forward Control
B. Concurrent control
C. Feedback Control
ANS B
43. Controls exercised by lower level managers are:
A. Strategic level controls
B. Tactical level controls
C. Operating level controls
ANS C
44. Principle of preventive control means:
A. Avoid the occurrence of deviations
B. Correct the deviations
C. None of these
ANS A

45. Which one of the following need is not coming under McClelland theory of motivation?
- Need for power
 - Need for achievement
 - Need for affiliation
 - Need for actualization
- ANS D

II SHORT ANSWER TYPE QUESTIONS:

- “Staffing is the responsibility of every manager and not of the personnel department alone”. Elucidate.
- Explain the process of manpower planning.
- Explain the limits of on the job training.
- What are the essentials of a good staffing policy?
- What are the principles of staffing?
- “Motivation is the core of management”. Comment. What practical suggestion would you offer to the management to motivate its staff in an industrial organization
- Critically evaluate MC Gregor’s theory X and Theory Y of motivation “Herzberg’s Two Factor Theory is not universally applicable”. Explain this statement by critically evaluating Herzberg’s two factor theory of motivation.
- Explain the distinguishing features of Ouchi’s Theory Z
- What are determinants of high morale? Suggest some measures which would raise the level of morale in an organization.
- “Management is a change agent”. Discuss and identify the role of change agents in organization.
- Bring out the distinction between Maslow and Herzberg theories of motivation. What is the role of money in motivating the managers?
- “A good leader is one who understands his subordinates, their need and their sources of satisfaction”. Comment on this statement and highlight the traits of effective leaders.
- “A good leader is one who understands his subordinates, their need and their sources of satisfaction”. Comment on this statement and highlight the traits of effective leaders.
- Mention some of the needed skills for leaders / managers to be effective.
- Briefly identify the major styles from Blake and Mouton’s Managerial Grid.
- What is leadership? Explain its features.
- What are the important traits of an effective leader?
- Explain Likert’s system of management.
- “Management is Different from Leadership”. Explain.
- Why is control needed in a business organization?
- Explain the limitations in the process of effective control.
- Planning and controlling are inseparable in the management process. Do you agree? Give reasons.
- What do you understand by feed forward control?
- Explain the objectives of budgetary control.
- Differentiate between Strategic and Tactical Planning
- Differentiate between Standing Plans and single use plans

27. Differentiate between Informal Vs Formal Organization
28. Explain the concept of matrix application?
29. Explain the Relationship between planning and control.

III LONG ANSWER TYPE QUESTIONS”

1. Discuss the advantages and disadvantages of internal and external sources of recruitment.
2. “Staffing is the responsibility of every manager and not of the personnel department alone”. Elucidate.
3. Manpower planning is one of the most important decisions taken at the managerial level. Do you agree? Give reasons.
4. “Staffing is the process of identifying, assessing, placing, evaluating and developing individuals at work”. Explain the statement highlighting the significance of staffing in modern business organizations.
5. What guidelines need to be followed for making an interview successful?
6. Bring out the distinction between Maslow and Herzberg theories of motivation. What is the role of money in motivating the managers?
7. “Motivation is the core of management”. Comment. What practical suggestion would you offer to the management to motivate its staff in an industrial organization.
8. “Leaders make a real difference in an organization’s performance” build an argument in support and against of this statement.
9. Explain Maintenance factors and motivational Factors under Herzberg’s two factor theory of motivation.
10. “Herzberg’s Two Factor Theory is not universally applicable”. Explain this statement by critically evaluating Herzberg’s two factor theory of motivation.
11. What are the problems associated with motivating employees?
12. Identify the leadership styles describing the situations under which each style is useful.
13. “Leaders make a real difference in an organization’s performance” build an argument in support and against of this statement.
14. A good leader is one who understands his subordinates, their need and their sources of satisfaction”. Comment on this statement and highlight the traits of effective leaders.
15. What are the important traits of an effective leader.
16. Explain Likert’s system of management.
17. “Management is Different from Leadership”. Explain.
18. Explain the concept of managerial grid.
19. Compare and contrast between system 1 and system 4 of leadership under Likert’s management system.
20. What is budgetary control? Explain its limitations. How can budgetary control be made more effective?
21. Control guides operations, improves motivation and morale, and facilitates coordination. Explain the statement highlighting the importance of control in a business organization.
22. In a good organization structure, everybody knows the part he must play and how his role relates to those of others. Good organization structure cannot, however, be a substitute of control. Elucidate.

23. Control guides operations, improves motivation and morale, and facilitates coordination. Explain the statement highlighting the importance of control in a business organization.
24. Resistance to control can be overcome by establishing simple, understandable objectives and positive controls in consultation with people concerned. Elucidate.
25. Control is needed to measure progress, to uncover deviations and to indicate corrective action. Discuss highlighting the steps in the process of control.
26. What do you understand by matrix origination? Under what circumstances is it most useful? Differentiate it from project organization.
27. Many executives want to delegate their function but do not know just how to do it? Suggest some guidelines to help such executives in deciding what to delegate and what not to delegate?
28. Explain span of management. Do you agree with the view that the principle of “Unity of command” is not of much relevance these days?
29. Sunrise Steel Ltd. has decided to diversify its activities and undertake production of ‘mobiles’. The CEO of the company seeks your advice on whether to group the activities by product or by function. What advice will you tender and why?
30. ‘Decision making is the essence of managing.’ Comment and explain the features of a rational decision.

UNIT III

I MULTIPLE CHOICE QUESTIONS:

1. Challenging goals usually lead to _____ performance from individuals and groups.
 - A. Higher
 - B. Lower
 - C. Excellent
 - D. None of the Above

ANS A

2. Surroundings are _____ needs
 - A. Existence
 - B. Relatedness
 - C. Growth
 - D. None of the Above

ANS C

3. A variation of the electronic meeting that links together media from different locations is _____.
 - A. E-commerce
 - B. The Delphi technique
 - C. Video conference
 - D. E-conference

ANS B

4. Intuitive, affective or feeling, physical/sensing, and rational or reasoning are aspects of which of the following?
- A. Gifted students
 - B. Multiple intelligences
 - C. Learning styles
 - D. Creativity
- ANS B
5. One of the main values underpinning the work of Organisation Development practitioners is:
- A. Legitimizing managers' right to manage
 - B. Empowering employees to act
 - C. Improving profitability
 - D. Providing organisations with the right solution
- ANS B
6. Challenging goals usually lead to _____ performance from individuals and groups.
- A. Higher
 - B. Lower
 - C. Excellent
 - D. None of the Above
- ANS A
7. When a group gives some of its leadership positions to the members of another group, it is
- A. Contracting
 - B. Co-opting
 - C. Co-alition
 - D. Competition
- ANS C
8. Organisation Development (OD) is primarily concerned with
- A. Improving the human side of the organisation
 - B. Improving quality
 - C. Improving financial performance
 - D. Reducing job numbers
- ANS A
9. One of the main values underpinning the work of Organisation Development (OD) practitioner's is
- A. Legitimising managers' right to manage
 - B. Empowering employees to act
 - C. Improving profitability
 - D. Providing organisations with the right solution
- ANS B

10. An extent to which an organisation achieves its predetermined objectives within given resources and without undue strain to its members
- A. Organization behaviour
 - B. Organizational culture
 - C. Organizational spirit
 - D. Organizational effectiveness
- ANS A
11. Needs that impel creativity and innovation, along with the desire to have a productive impact on our surroundings are_____ needs
- A. Existence
 - B. Relatedness
 - C. Growth
 - D. None of the Above
- ANS C
12. What best describes the Adult ego state?
- A. It may be associated with having fun, playing, impulsiveness, rebelliousness, spontaneous behaviour and emotional responses.
 - B. It refers to feelings about right and wrong and how to care for other people
 - C. In this state, we may be objective, rational, reasonable, seeking information and receiving facts.
 - D. None of the above
- ANS C
14. _____ is a personality dimension describing someone who is good natured, cooperative, and trusting
- A. Existence
 - B. Emotional
 - C. Agreeableness
 - D. Introversion
- ANS C
15. A personality dimension that characterizes someone as calm, self-confident, secure (positive) versus nervous, depressed, and insecure (negative)
- A. Existence
 - B. Emotional stability
 - C. Agreeableness
 - D. Introversion
- ANS B

16. An individual most likely to engage in political behavior would have all of the following except a/an:
- A. High need for power
 - B. High ability to self-monitor
 - C. High charisma rating
 - D. Internal locus of control
- ANS C
17. Which of the following statements about the determinants of personality is true?
- A. Personality appears to be a result of external factors
 - B. Personality appears to be a result of mainly hereditary factors
 - C. Personality appears to be a result of mainly environmental factors
 - D. Personality appears to be a result of both hereditary and environmental factors
- ANS D
18. _____ reflect a person's preferences regarding the ends to be achieved
- A. Terminal values
 - B. Instrumental values
 - C. Honesty
 - D. Fairness
- ANS A
19. Values like working hard, being creative and honest are the means which lead towards achieving organizational goals. Which of the following term best describes these values?
- A. Terminal values
 - B. Instrumental values
 - C. Theoretical values
 - D. Social values
- ANS B
20. "They are the worst firm I have ever dealt with" iscomponents of attitude.
- A. Affective component
 - B. Cognitive component
 - C. Intentional component
 - D. None of these
- ANS B
21. "I will never do business with them again" iscomponents of attitude.
- A. Affective component
 - B. Cognitive component
 - C. Intentional component
 - D. None of these
- ANS C

22. If a solution to a problem is not vital to the functioning of an organization and management is willing to overlook the causes of the conflict, managers may choose to use which type of conflict resolution?
- A. Confrontation
 - B. Avoidance
 - C. Dominance
 - D. Compromise
- ANS B
23. Which of the following are terminal values?
- A. Accuracy and creativity
 - B. Excellence and innovation
 - C. Profitability and hard work
 - D. Quality and capability
- ANS B
24. In which of the five stages of group development suggested by Tuckman and Jensen do groups build success in a cohesive and co-operative manner?
- A. Forming
 - B. Storming
 - C. Norming
 - D. Performing
- ANS D
25. Following is not a component of Attitude
- A. Cognitive
 - B. Affective
 - C. Behavioural
 - D. Value expressive.
- ANS D
26. The purpose of job enrichment is to
- A. Expand the number of tasks an individual can do
 - B. Increase job efficiency
 - C. Increase job effectiveness
 - D. Increase job satisfaction of middle management
- ANS A
27. One method of bringing a group to agreement is called
- A. Proportional values
 - B. Consensus
 - C. Accordance
 - D. Conformance
- ANS B

28. The groups to which an individual aspires to belong, i.e. the one with which he or she identifies is called
- A. Coalitions
 - B. Committees
 - C. Reference groups
 - D. Task groups
- ANS C
29. Individual employees can be converted into team player's through
- A. Appropriate feedback
 - B. Training
 - C. Monitoring
 - D. Demonstration
- ANS B
30. If the followers are able and unwilling, then the leader must use the
- A. Authoritarian style
 - B. Participative style
 - C. Situational style
 - D. Strategic style
- ANS A
31. According to situational leadership approach, the style that denotes a high-task and a low-relationship style is
- A. Selling style
 - B. Delegating style
 - C. Participating style
 - D. Telling style
- ANS D
32. The purpose of job enrichment is to
- A. Expand the number of tasks an individual can do
 - B. Increase job efficiency
 - C. Increase job effectiveness
 - D. Increase job satisfaction of middle management
- ANS A
33. One method of bringing a group to agreement is called
- A. Proportional values
 - B. Consensus
 - C. Accordance
 - D. Conformance
- ANS B
34. The groups to which an individual aspires to belong, i.e. the one with which he or she identifies is called

- A. Coalitions
- B. Committees
- C. Reference groups
- D. Task groups

ANS C

35. ERG theory was introduced by_____.

- A. Clayton Alderfer
- B. McClelland
- C. Douglas McGregor
- D. J. Stacey Adams

ANS A

36. Which of the following statements best describes a behaviourist approach to learning?

- A. People learn by forming patterns and associations in their mind
- B. People learn from experience
- C. People learn through punishment and reward.
- D. People learn by sharing 'war stories'.

ANS C

37. People learn and memorize things by contextualizing them in a pattern, or by making associations. Which approach to learning does this best describe?

- A. Behaviourist view of learning
- B. Experiential learning
- C. Gestaltist view of learning
- D. Organizational learning

ANS C

38. Classical conditioning is associated with the work of:

- A. Skinner.
- B. Pavlov.
- C. Freud.
- D. Thorndike.

ANS C

39. Which of the following is a concept associated with classical conditioning?

- A. The unconditioned stimulus.
- B. The unconditioned response.
- C. The conditioned response.
- D. All of the above.

ANS A

40. In operant conditioning an organism:

- A. comes to pair a neutral stimulus with an unconditioned response.
- B. receives reinforcement before exhibiting the desired behaviour as an inducement to behave in that way.

- C. receives reinforcement after behaving in the desired way.
- D. only learns to avoid punishment.

ANS C

41. Social Learning Theory gives prominence to learning that occurs:

- A. by imitation.
- B. by modelling.
- C. vicariously.
- D. all of the above.

ANS D

42. A person's _____ comprises internal factors, such as ability, intelligence and personality, and will determine how an individual respond to certain stimuli.

- A. Sensory limit
- B. Psychological threshold
- C. Perceptual set
- D. Cognitive set

ANS C

43. Which of the following will influence an individual's perceptions?

- A. Previous experiences.
- B. Sensory limitations.
- C. Individual needs.
- D. All of the above.

ANS D

44. What is the relationship between what one perceives and objective reality?

- A. They are the same
- B. They can be substantially different.
- C. They should be the same.
- D. They are rarely if ever the same.
- E. They cannot be the same.

ANS B

45. Which of the following is not a factor in the individual perceiver?

- A. Attitude
- B. motive
- C. Expectation
- D. Location
- E. Perception

ANS D

II SHORT ANSWER TYPE QUESTIONS”

1. What do you understand by Johari Window?
2. “Most behaviors are learned; some from the experience of self and some from the experience of others “. Discuss the statement and explain it with the help of various theories of learning.
3. What are Boundary less organizations? Strategic decisions have far reaching consequences to the organisations.
4. List and explain the four ways employees can express job dissatisfaction.
5. Discuss three different criteria for ethical decision making
6. Identify and describe the different types of communication flows
7. Explain how Fred Luthans differentiates between successful and effective managers
8. Explain the concept of personality. Discuss the personality traits that affect behaviour.
9. “Job related attitudes are significant for understanding organsitional behaviour”. Explain this statement.
10. Write a detailed note on various types of values that are important for managers in today’s environment.
11. “High cohesiveness in group leads to higher group productivity” do you agree or disagree? Explain your position.
12. “Do you agree that high degree of cohesiveness in groups leads to higher productivity?” Comment. Also, state as to how high degree of cohesiveness can be achieved.
13. Explain the relationship between attitude and behavior.
14. Explain the constructive theory as a part of the learning theory of management.
15. Define Perception. Discuss the different factors that affect our perception in understanding human behavior.
16. Briefly discuss the major theoretical explanations for group’s formation. Which explanation do you think is most relevant to the study of organizational behaviour? Give reasons
17. What is the difference between a group & a team? What are the different types of work teams?
18. Explain the concept of Transactional Analysis. How does TA help predict behaviour of people?
19. What do you understand by Cognitive theory?
20. What do you understand by life position as a part of transactional analysis What are Type A and Type B personalities?
21. How will you determine the personality of a person? Also explain the personality traits that have relevance from the point of view of Organizational Behaviour.
22. Briefly examine the immaturity-maturity theory of Chris Argyris.
23. Explain the concept of personality. Do biological factors affect the personality of an individual?
24. Explain the concept of group vs. team
25. What are the various types of transactions?
26. Differentiate between Job Involvement and Job Satisfaction
27. Differentiate between Motivational and Hygiene factors
28. Differentiate between Autocratic and Free- rein leadership styles

29. Explain the importance of personality, needs and situation in determination of behaviour.
30. Why do managers need to understand the concept of individual differences?

III LONG ANSWER TYPE QUESTIONS:

1. What are the determinants of our personality?
2. Define Organizational Behavior and explain the need of understanding human behavior in organizations
3. “Organizational Behavior represents interactions among individuals, groups and the organization.: Elucidate this statement.
4. “OB is relatively a young field of study that borrows many concepts and methods from the behavioral and social sciences,” Comment. What advantages and disadvantages can you see in such youth and diversity?
5. What are the factors that influence personality?
6. What role does biology play in personality?
7. What does it mean that personality is unique to the individuals?
8. Explain the importance of personality, needs and situation in determination of behaviour.
9. Why do managers need to understand the concept of individual differences?
10. Briefly explain the meaning of organizational behavior.
11. What is meant by dealing with changed employee expectations?
12. Perception is the process of receiving, selecting, organizing, interpreting and reacting to sensory stimuli or data.
13. Organizational Behaviour represents interaction among individuals, groups and organization.
14. How do individual decisions differ from group decisions? What are the positive and negative aspects of group decision making? How can group decision making be improved?
15. Briefly discuss the major theoretical explanations for group’s formation. Which explanation do you think is most relevant to the study of organizational behaviour? Give reasons
16. What is the difference between a group & a team? What are the different types of work teams?
17. Explain the concept of Transactional Analysis. How does TA help predict behaviour of people?
18. Define perception and explain the process of perception from the point of view of organizational behavior.
19. Discuss the steps which you would take as a manager to reduce perceptual errors.
20. Explain internal attention factors which affect perceptual selectivity. How do sometimes errors creep in perception?
21. “Learning leads to change in human behaviour.” Comment.
22. Explain the concept of personality. Do biological factors affect the personality of an individual?
23. Explain the circumstances in which “repression” and “sharpening into conflict” approaches should be used for handling conflicts

24. Johari window is helpful for self-awareness, personal development, group development and understanding relationships. Explain with logical reasons.
25. "Do you agree that high degree of cohesiveness in groups leads to higher productivity?" Comment. Also, state as to how high degree of cohesiveness can be achieved.
26. A good leader is one who understands his subordinates, their need and their sources of satisfaction". Comment on this statement and highlight the traits of effective leaders.
27. (a) Briefly identify the major styles from Blake and Mouton's Managerial Grid.
(b) Mention some of the needed skills for leaders / managers to be effective.
28. "Organizational Behavior represents interactions among individuals, groups and the organization.: Elucidate this statement.
29. "OB is relatively a young field of study that borrows many concepts and methods from the behavioral and social sciences," Comment. What advantages and disadvantages can you see in such youth and diversity?
30. A large unit manufacturing electrical goods which has been known for its liberal personnel policies and fringe benefits is facing the problem of low productivity and high absenteeism. How should the management improve the organizational climate?

UNIT IV

I MULTIPLE CHOICE QUESTIONS

1. Change management strategies can be
 - A. Overt or Immediate
 - B. Empirical – Rational
 - C. Copying – Imitation
 - D. Empirical– Imitation
 ANS B

2. The changes which are introduced internally by management in a systematic manner are
 - A. Unplanned Changes
 - B. Fast Changes
 - C. Planned Changes
 - D. Slow Changes
 ANS C

3. _____ reflect a person's preferences regarding the ends to be achieved
 - A. Terminal values
 - B. Instrumental values
 - C. Honesty
 - D. Fairness
 ANS B

4. _____ reflect an incompatibility between a person's two or more attitudes, or between his behaviorism attitudes
 - A. Value congruence
 - B. Terminal values

- C. Instrumental values
 - D. Cognitive dissonance
- ANS A

5. The importance of change can be all except
- A. It abandons negative cultural values.
 - B. It raises motivation.
 - C. It leads to satisfaction among employees.
 - D. It makes organization monotonous.
- ANS D

6. Planned change is all except
- A. Intentional
 - B. Goal oriented
 - C. Accidental
 - D. Systematic
- ANS D

7. All are the external factors responsible for change except change in
- A. Government Policies
 - B. Market scenario
 - C. Technology
 - D. Leadership
- ANS D

8. In business transformation, changes in operational concept include all except
- A. Tactics
 - B. Techniques
 - C. Rules
 - D. Procedures
- ANS C

9. Transformation is reflected in people mind by the way of all except
- A. Employee think
 - B. Society changes
 - C. Employees speak
 - D. Employee act
- ANS D

10. Change management can be all expect
- A. Reactive & proactive'
 - B. Internal & external
 - C. Continuous & acc. To necessities
 - D. Single disciplinary
- ANS B

11. Unplanned change is all below except
A. Accidental
B. Intentional
C. Sudden
D. Uninformed
ANS A
12. _____ occurs as group members attempt to assess the ground rules that will apply to a task and to group interaction
A. Forming
B. Storming
C. Norming
D. Performing
ANS A
13. _____ is a personality dimension describing someone who is sociable, gregarious, and assertive
A. Esteem
B. Extroversion
C. Safety
D. Self-Actualization
ANS B
14. _____ is a personality dimension describing someone who is good natured, cooperative, and trusting.
A. Existence
B. Emotional
C. Agreeableness
D. Introversion
ANS C
15. Conflict can arise in the situation of
A. Competition
B. Cooperation
C. Coordination
D. Both competition and cooperation
ANS C
16. If you support the idea that conflict should be eliminated, you are supporting which of the following views of conflict? Select correct option
A. The traditional view
B. The human relations view
C. The interactionist view
D. The positivistic view
ANS A

17. Conflict is a state of
A. Commonness of values and beliefs
B. Opposition of values and beliefs
C. Neutral values and belief
D. All the above
ANS A
18. Which of the following is not an internal force of change?
A. Technology
B. Strategy
C. Workforce
D. employee attitudes
ANS D
19. Which of the following is not an external force of change?
A. Marketplace
B. government laws and regulations
C. economic changes
D. workforce
ANS D
20. A budget is what type of control?
A. Standard
B. Process
C. Division
D. Financial
ANS D
21. _____ focuses on solving conflicts by allowing the desires of the other party to prevail
A. Avoidance
B. Accommodation
C. Competition
D. Compromise
ANS D
22. _____ aims to solve conflict issues by having each party give up some desired outcomes to get other desired outcomes.
A. Avoidance
B. Collaboration
C. Competition
D. Compromise
ANS D
23. Surroundings are _____ needs
A. Existence

- B. Relatedness
- C. Growth
- D. None of the Above

ANS C

24. Challenging goals usually lead to_____ performance from individuals and groups
- A. Higher
 - B. Lower
 - C. Excellent
 - D. None of the Above

ANS A

25. Inputs necessary for the group to operate are_____ inputs
- A. Group Size
 - B. Work Group
 - C. Group Task
 - D. None of the Above

ANS D

26. A person's _____ comprises internal factors, such as ability, intelligence and personality, and will determine how an individual respond to certain stimuli.
- A. Sensory limit
 - B. Psychological threshold
 - C. Perceptual set
 - D. Cognitive set

ANS C

27. Which of the following will influence an individual's perceptions?
- A. Previous experiences.
 - B. Sensory limitations.
 - C. Individual needs.
 - D. All of the above.

ANS D

28. The process by which the perception of a person is formulated based on a single favourable or unfavourable trait or impression, where other relevant characteristics of that person are dismissed is called:
- A. Stereotyping.
 - B. Clouded judgment.
 - C. The angel effects.
 - D. The halo effects.

ANS D

29. What are the three classes of factors that influence perception?
- A. factors in the setting, factors in the environment and factors in the motives

- B. factors in the perceiver, factors in the target and factors in the situation
- C. factors in the character, factors in knowledge and factors in experience
- D. factors in the personality, factors in the character and factors in the values

ANS B

30. What do we call the process by which individuals organize and interpret their sensory impressions to give meaning to their environment?
- A. interpretation
 - B. environmental analysis
 - C. social verification
 - D. perception

ANS D

31. Two people see the same thing at the same time yet interpret it differently. Where do the factors that operate to shape their dissimilar perceptions reside?
- A. the perceivers
 - B. the target
 - C. the timing
 - D. the context
 - E. the situation

ANS A

32. Following is not a component of Attitude
- A. Cognitive
 - B. Affective
 - C. Behavioral
 - D. Value expressive.

ANS D

33. _____ reflect a person's preferences regarding the ends to be achieved.
- A. Terminal values
 - B. Instrumental values
 - C. Honesty
 - D. Fairness

ANS A

34. _____ reflect an incompatibility between a person's two or more attitudes, or between his behaviorism attitudes.
- A. Value congruence
 - B. Terminal values
 - C. Instrumental values
 - D. Cognitive dissonance

ANS D

35. _____ is a personality dimension describing someone who is sociable, gregarious, and assertive.
- A. Esteem
 - B. Extroversion
 - C. Safety
 - D. Self-Actualization
- ANS B
36. Inputs necessary for the group to operate are_____ inputs.
- A. Group Size
 - B. Work Group
 - C. Group Task
 - D. None of the Above
- ANS B
37. A group of employees with expertise in a variety of specialty areas who are brought together to work on a project or specific activity is a:
- A. Cross functional team
 - B. Self-managed team
 - C. Virtual team
 - D. Problem-solving team
- ANS A
38. _____ synergy is the force that results when the combined gains from group interaction (as opposed to individuals operating alone) are greater than group process losses.
- A. Positive
 - B. Negative
- ANS A
39. _____occurs as group members attempt to assess the ground rules that will apply to a task and to group interaction.
- A. Forming
 - B. Storming
 - C. Norming
 - D. Performing
- ANS A
40. _____ occurs as energy is channeled toward a task and as norms support teamwork.
- A. Forming
 - B. Storming
 - C. Performing
 - D. Adjourning
 - E. Norming
- ANS C

41. If a solution to a problem is not vital to the functioning of an organization and management is willing to overlook the causes of the conflict, managers may choose to use which type of conflict resolution?
- A. Confrontation
 - B. Avoidance
 - C. Dominance
 - D. Compromise
- ANS B
42. _____ focuses on solving conflicts by allowing the desires of the other party to prevail.
- A. Avoidance
 - B. Accommodation
 - C. Competition
 - D. Compromise
 - E. Collaboration
- ANS D
43. _____ aims to solve conflict issues by having each party give up some desired outcomes in order to get other desired outcomes.
- A. Avoidance
 - B. Collaboration
 - C. Competition
 - D. Compromise
 - E. Accommodation
- ANS D
44. _____ is the adverse reaction people must experience when excessive pressure is placed on them from extraordinary demands, constraints, or opportunities.
- A. Stereotyping
 - B. Stress
 - C. A halo effect
 - D. Creativity
- ANS B
45. Types of groups consist of
- A. Primary Group
 - B. Informal Group
 - C. Formal Group
 - D. All of these
- ANS D

II SHORT ANSWER TYPE QUESTIONS:

1. What do you understand by group dynamics?
2. Define organizational development. Explain its nature
3. What are the characteristics of organizational development?
4. What do you understand by action research?
5. Define the term organization culture.
6. Good Socialization process helps retain employees.do you agree? Validate your Answer with proper reasoning.
7. Explain the various types of conflict.
8. Explain the characteristics of organizational culture.
9. What are the various functions of organizational culture?
10. Explain the various dimensions of organizational culture.
11. What do you understand by change dynamics?
12. What are psychological contracts?
13. Explain ego states in transactional analysis
14. What is meant by organizational change? Explain the concept with examples.
15. What do you understand by social loafing? Give ways to prevent it.
16. Explain the Classical and social learning theories
17. Differentiate between Job Involvement and Job Satisfaction
18. Management by objective is both a technique of planning and motivation.
19. Decision-making is all pervasive activity.
20. Strategic decisions have far reaching consequences to the organizations
21. Differentiate between organizational culture and organizational climate.
22. Why do organizational conflicts arise?
23. Give ways through which organizational conflicts can be resolved.
24. Differentiate between planned and unplanned change.
25. Differentiate between group and team.
26. Explain the Types of Informal groups.
27. Explain the Levels of conflicts in an organization.
28. Explain that “Values are stronger than attitudes”
29. How does the knowledge of perception improve managers’ ability to understand? human nature and improve the quality of managerial decisions?
30. Write a short note on attributions.

III LONG ANSWER TYPE QUESTIONS:

1. Explain the determinants of individual behaviour. What are the common perceptual errors that can affect decision-making by the managers?
2. How do values originate? What is the relationship between values and culture?
3. “Change is highly important to the success of an organization, but many people have the tendency, overtly or covertly to resist it”. How do you think resistance to change can be overcome?
4. “Management is a change agent”. Discuss and identify the role of change agents in organization.

5. What is the difference between a group & a team? What are the different types of work teams?
6. Define the term Organizational Behaviour. Discuss its models.
7. What is organizational culture? What are the advantages and disadvantages of a strong organizational culture?
8. What is politics? Is organizational politics good or bad? Why? Explain with valid reasoning.
9. Discuss in detail the stages of team development
10. "Perception is a process of input- throughput- output Analysis". Comment. Give some examples of perceptual sets from work settings.
11. Define Perception. Discuss the different factors that affect our perception in understanding human behavior.
12. What is the difference between functional and dysfunctional conflict? Under what circumstances might conflict be beneficial to a group?
13. Briefly discuss the major theoretical explanations for group's formation. Which explanation do you think is most relevant to the study of organizational behaviour? Give reasons
14. Explain the concept of Transactional Analysis. How does TA help predict behaviour of people?
15. Explain the barriers of change. What are the ways of overcoming these barriers?
16. Explain the concept of Organizational Culture. What are its functions? How the organizational culture is created and sustained?
17. "Managerial Ethos is the things of the past which have become irrelevant in information age". Critically evaluate the statement.
18. Write notes on the following: -
 - (i) Morale and productivity.
 - (ii) Organizational culture.
19. Where do, organizational ethics come from? Describe the contributions made by the organization's founder, managers and workers as well as laws and social norms. Which do you think is most influential? Why
20. Explain the concept and features of Organizational Climate. What factors influence the climate of an organization? Discuss in brief.
21. What are determinants of high morale? Suggest some measures which would raise the level of morale in an organization.
22. How do external forces influence Organizational Change? Explain.
23. What challenges and opportunities do the managers face in the context of organizational Behaviour.
24. Explain how technology has assisted in the communication process.
25. Explain roles played by visionary and charismatic leaders. Give a brief of two Business/Political leaders who exhibit these traits.
26. "Job related attitudes are significant for understanding organisational behaviour". Explain this statement.
27. Both too low and too high levels of conflicts have serious effects on organisational performance. Comment.
28. Perception is the process of receiving, selecting, organizing, interpreting and reacting to sensory stimuli or data.

29. Briefly discuss the major theoretical explanations for group's formation. Which explanation do you think is most relevant to the study of organizational behaviour? Give reasons
30. How would you define conflict? Distinguish between functional & dysfunctional conflicts by giving suitable examples?

QUESTION BANK

FINANCIAL ACCOUNTING

B.COM (H)- 103

QUESTION BANK
FINANCIAL ACCOUNTING - B.COM (H) 103
B.COM(H) - I

UNIT – I

I MULTIPLE CHOICE QUESTIONS:

1. What is the important objective of accounting?
A. To maintain records.
B. Depiction of financial position.
C. Make information available to various groups and users.
D. All of three.
ANS C

2. Which of the following is NOT normally considered to be an asset?
A. Retained earnings.
B. Cash.
C. Buildings.
D. Accounts receivable.
ANS A

3. Which of the following accounts would normally have a credit balance?
A. Assets.
B. Expenses.
C. Liabilities.
D. None of the above.
ANS C

4. Which of the following is not a sub-field of accounting?
A. Management Accounting
B. Cost Accounting
C. Financial Accounting
D. Book-keeping
ANS D

5. A revenue that is collected before it has been earned is called
A. Accrued revenue
B. Unrecorded revenue
C. Deferred revenue
D. Unearned
ANS D

6. Which of the following statements about differences between financial and management accounting is incorrect?
- A. Management accounting information is prepared primarily for external parties such as stockholders and creditors; financial accounting is directed at internal users.
 - B. Financial accounting is aggregated; management accounting is focused on products and departments.
 - C. Management accounting pertains to both past and future items; financial accounting focuses primarily on past transactions and events.
 - D. Financial accounting is based on generally accepted accounting practices; management accounting faces no similar constraining factors.

ANS B

7. External users of accounting information do not include:
- A. Employees
 - B. Government
 - C. Potential Investors
 - D. Financial Institutions

ANS A

8. Which is the third stage of accounting process?
- A. Recording
 - B. Classifying
 - C. Summarizing

ANS C

9. "Assets should be valued at the price paid to acquire them" is based on?
- A. Accrual concept.
 - B. Cost concept.
 - C. Money measurement concept.
 - D. Realization concept.

ANS C

10. Which of the following equations properly represents a derivation of the fundamental accounting equation?
- A. $\text{Assets} + \text{liabilities} = \text{owner's equity}$.
 - B. $\text{Assets} = \text{owner's equity}$.
 - C. $\text{Cash} = \text{assets}$.
 - D. $\text{Assets} - \text{liabilities} = \text{owner's equity}$.

ANS D

11. Financial accounting is primarily concerned with:
- A. Recording of financial information relating to activities of the owners of the business enterprise
 - B. Providing financial information to assist the management in decision making.
 - C. Reporting financial information for external users of accounting reports

D. Interpretation of financial statements

ANS C

12. Which of the following is not the objective of accounting?

A. To maintain records of business

B. To ascertain profit or loss of the business

C. To depict capital, liabilities and assets of the business.

D. To provide information about the personal assets and personal liabilities of the owners of the business.

ANS D

13. Which accounting concept or convention which, in times of rising prices, tends to understate asset values and overstate profits?

A. The going concern concept

B. The prudence concept

C. The realisation concept

D. The historical cost convention

ANS D

14. It is generally assumed that the business will not liquidate in the near foreseeable future because of

A. Periodicity.

B. Materiality.

C. Matching.

D. Going concern.

ANS D

15. Which accounting concept should be considered if the owner of a business takes goods from inventory for his own personal use?

A. The prudence concept

B. The capitalisation concept

C. The money measurement concept

ANS D

16. Assets are usually valued under which basis?

A. Replacement cost

B. Historical cost

C. Net realizable value

ANS B

17. In India, a company can keep its books of accounts on?

A. Mercantile Basis

B. Accrual Basis

C. Cash Basis

D. No Basis

Ans C

- 18 The comparison of the results of one accounting period with that in the past is possible when the following convention is followed:
- A. Convention of Consistency
 - B. Convention of Full Disclosure
 - C. Convention of Materiality
 - D. Convention of Prudence
- ANS A
- 19 According to this convention, important items must be recorded instead of being left out or merged with other items.
- A. Convention of Consistency
 - B. Convention of Full Disclosure
 - C. Convention of Materiality
 - D. Convention of Prudence
- ANS C
- 20 XYZ Ltd. follows the written down value method of depreciating machinery year after year due to
- A. Comparability
 - B. Convenience
 - C. Consistency
 - D. All of the above
- ANS C
- 21 The Accounting Standards Board was established in India by
- A. Ministry of Corporate Affairs
 - B. Institute of Chartered Accountant of India
 - C. International Accounting Standards Committee
- ANS B
- 22 The assets that can be converted into cash within a short period (i.e. 1 year or less) are known as
- A. Current assets
 - B. Fixed assets
 - C. Intangible assets
 - D. Investments
- ANS A
- 23 Patents, Copyrights and Trademarks are
- A. Current assets
 - B. Fixed assets
 - C. Intangible assets
 - D. Investments
- ANS C

- 24 The total number of accounting standards issued by ICAI so far is
A. 29
B. 32
C. 42
D. 36
ANS B
25. The liabilities that are payable in more than a year and are not be liquidated from current assets
A. Current liabilities
B. Fixed liabilities
C. Contingent liabilities
D. All of the above
ANS B
- 26 The debts, which are to be repaid within a short period (year or less) are known as
A. Current liabilities
B. Fixed liabilities
C. Contingent liabilities
D. All of the above
ANS A
- 27 The Convention of Conservatism takes into account
A. All prospective profits and prospective losses.
B. All prospective profits and leaves out prospective losses.
C. All prospective losses but leaves out prospective profit.
D. None of these.
ANS C
- 28 Any written evidence in support of a business transaction is called:
A. Journal
B. Ledger
C. Ledger posting
D. Voucher
ANS D
- 29 According to the money measurement concept, the following will be recorded in the books of account of the business:
A. Health of Managing Director of the company
B. Quality of company's goods
C. Value of Plant & Machinery
D. Strike by employees
ANS C

- 30 Double Entry System was introduced in—
A. America
B. Japan
C. India
D. Italy
ANS D
- 31 The global key professional accounting body is —
A. The International Accounting Standards Committee
B. The International Accounting Standards Board
C. The Institute of Chartered Accountants of India
D. The Financial Accounting Standards Board
ANS B
- 32 The International Accounting Standards Committee was set up in —
A. 1976
B. 1967
C. 1982
D. 2009
ANS B
- 33 The underlying assumption that assumes that the life of a company can be divided into artificial time periods is:
A. Periodicity
B. Going concern
C. Economic entity
D. Monetary unit
ANS A
- 34 The primary objective of the matching principle is to:
A. Provide timely information to external decision-makers
B. Provide full disclosure
C. Recognize expenses in the same period as the related revenue
D. All of the above
ANS C
- 35 The term "compound entry" means that the journal entry has
A. More than two accounts involved in the entry
B. A debit amount greater than the credit amount
C. A credit amount greater than the debit amount
D. Only one debit, but two credits
ANS A

36. The convention of conservatism is applicable _____
A. In providing for discount on creditors
B. In making provision for bad and doubtful debts
C. Providing for depreciation
ANS B
37. Creditors for goods purchase come within the category of _____
A. Fixed Liabilities
B. Current Liabilities
C. Capital
ANS B
38. Money spent on heavy advertising, whose benefit is continuing for three years to come, is a _____.
A. Capital Expenditure
B. Revenue expenditure
C. Deferred Revenue Expenditure
ANS C
39. A deduction allowed to the buyers from the gross catalogue price on making bulk purchases is termed as _____.
A. Trade discount
B. Quantity discount
C. Cash discount
D. None of the above
ANS B
40. Goodwill is a
A. Current asset
B. Tangible asset
C. Intangible asset
D. Liability
ANS C
41. What type of expenditure is shown as asset in balance sheet?
Capital expenditure
A. Revenue expenditure
B. Deferred revenue expenditure
C. Capitalized expenditure
ANS A
42. A business firm is separate and distinct from its owners is the assumption under which of the following accounting concepts:
A. Business Entity
B. Going Concern Entity

- C. Money Measuring Entity
- D. Accounting Period concept

ANS A

43. Entire life of a business entity is divided into shorter time intervals, say of one year, under which of the following
- A. Dual Aspect Principle
 - B. Going Concern Entity
 - C. Money Measuring Principle
 - D. Accounting Principle

ANS: D

43. General rules that are used as a guide in accounting and as a basis of accounting practices are called:

- A. Generally Accepted Accounting Practices
- B. Basic Accounting Conventions
- C. Accounting and Financing Principles
- D. Accounting Principles

ANS: A

44. Every transaction has two aspects i.e., debit and credit, under which of the following accounting principles:

- A. Cash Accrual Principle
- B. Revenue Accrual Principle
- C. Dual Aspect Principle
- D. Double Entry Book-keeping System

ANS: C

45. Anticipate no profits and provide for all possible losses. This is essence of which of the following accounting principles:

- A. Materiality Principle
- B. Timeliness Principle
- C. Consistency Principle
- D. Conservatism Principle

ANS: D

46. Accounting procedures and accounting practices should remain same from year to year under which of the following accounting principles:

- A. Dual Aspect Principle
- B. Materiality Principle
- C. Timeliness Principle
- D. Consistency Principle

ANS: D

47. An ink-stand has been purchased by a firm for a nominal amount that is to last for 4 year. It should not be classified as a fixed asset under which of the following accounting principles:
- A. Dual Aspect Principle
 - B. Materiality Principle
 - C. Timeliness Principle
 - D. Consistency Principle
- ANS: B
48. When a machinery is purchased for cash, the cash balance is reduced and to that extent, the amount of machinery as an asset is recorded. This is done to follow which of the following accounting principles:
- A. Dual Aspect Principle
 - B. Materiality Principle
 - C. Timeliness Principle
 - D. Consistency Principle
- ANS: A
49. Rules of revenue recognition determine that earning process should be either complete or near completion under:
- A. Realization Concept
 - B. Materiality Concept
 - C. Historical Record Concept
 - D. Accounting Period Concept
- ANS: A
50. The following is not a type of liability
- A. Short term
 - B. Current
 - C. Fixed
 - D. Contingent
- ANS: A

II SHORT ANSWER TYPE QUESTIONS:

1. What is the difference between book keeping and accounting?
2. How accounting is useful to prospective investors?
3. What are different branches of accounting?
4. What are the golden rules of accounts?
5. What do you mean by IFRS?
6. Differentiate between concept and convention.
7. What do you mean by contingent liability?
8. Why the banks and financial institutions interested in accounting information?
9. What is classification of assets?
10. Write short note on Money measurement concept
11. Write short note on Dual aspect concept

12. Write short note on Periodic matching of cost and revenue concept
13. Write short note on Business entity concept
14. What is capital?
15. What do you mean by accounting equation?
16. Write a short note on accounting standards?
17. What is the difference between outstanding income and accrued income?
18. What is convention of materiality?
19. What is principle of full disclosure?
20. What is Financial Accounting?
21. What is IND AS?
22. What are different types of accounts?
23. What is Accounting?
24. Give three instances where business may adopt separate Accounting Policies.
25. Define GAAP.
26. Elaborate different users of accounting.
27. What are the limitations of accounting?
28. Make a list of users of accounting.
29. Distinguish between assets and liabilities.
30. Give total number of accounting standards issued by ICAI.
31. Differentiate between Cost accounting and financial accounting.
32. Differentiate between cash basis and accrual basis of accounting.
33. What are the advantages of accounting?
34. Differentiate between Cash and Mercantile systems of Accounting.
35. "Do not anticipate any profits but provide for all losses." Explain the statement in light of accounting convention by giving example.
36. "Accounting is an art of identifying, recording, classifying, summarizing, interpreting and communicating results thereof." Explain the statement.
37. From the following transactions relating to Mr. Abhay Kumar. Show the effect on his assets, liabilities and capital by using the accounting equation:

Particulars	Amount
Started business with cash	1,0000
Purchased goods on credit	8,000
Plant purchased for cash	2,000
Sold goods costing	1,000
Sold goods costing for cash	2,000
Drew for personal use	500
Paid for salaries	300
Sold goods on credit to Manan costing Rs800 for	1500
Received cash from Mayank	700

38. State with reasons which of the following items should be taken as of a Capital and Which of a revenue nature:
 - (i) Rs. 2,000 spent on dismantling, removing and reinstalling plant and machinery to a more convenient site.
 - (ii) Rs. 600 paid for removal of stick to a new site.

- (iii) Rs. 1000 paid for erection of a new machine.
- (iv) Rs. 2,000 paid on repairing of the new factory.

39. Journalize the following transactions:
- a) Shweta commenced business with Cash Rs. 10,00,000 and Furniture Rs.20,000
 - b) Paid into Bank Rs. 10,000
 - c) Purchased goods from Raman at a list price of Rs.10,000 at 10% trade discount.
 - d) Paid to Raman 7,800 by cheque in full settlement.
 - e) Rs.2,600 payable by Karan was written off as bad debts.
 - f) Goods destroyed by fire Rs.3000
 - g) Karan was declared as insolvent and received from his official receiver a first and final dividend of 75 paise in a rupee against the debt of Rs.2,600
 - h) Received Commission Rs.5,000
 - i) Goods worth Rs.30,000 distributed as free samples
40. Record the following transactions in Accounting Equation and prepare the Balance Sheet: 2013
- 1 May Sachin started business with cash Rs. 5,00,000, Bank balance Rs. 4,00,000, Furniture Rs. 60,000, Stock Rs. 50,000
 - 3 May Purchased goods in Cash Rs.20, 000
 - 5 May Goods worth Rs.2000 destroyed by fire
 - 8 May Withdrawn Cash for personal use Rs.4000
 - 10 May Sold goods (costing Rs.2000) for Rs.3000
 - 12 May Purchased Machinery Rs.40000 from Rohit
 - 15 May Paid rent Rs.6000
 - 18 May Received Commission Rs.6000
 - 25 May Goods distributed as free samples worth Rs.4000
 - 28 May Depreciation on Furniture @10% p.a.

III LONG ANSWER TYPE QUESTIONS:

- 1 What are the accounting concepts and conventions? Name them and explain any four accounting concepts in detail?
- 2 Explain the role of IFRS in accounting.
- 3 What is difference between financial accounting and management accounting? What are the different users of accounting?
- 4 Define Accounting. State its functions. How does it differ from Book- keeping?
- 5 Why is Accounting regarded as an aid to Management?
- 6 Explain IFRS in detail.
- 7 Give the meaning and relevance of GAAP.
- 8 What are the limitations of accounting.
- 9 What are the objectives of accounting. Differentiate between Book Keeping and Accounting.
- 10 Explain the interrelationship of accounting with other disciplines.
- 11 What is financial accounting? What are the features of accounting?
- 12 What do you mean by “Dual Aspect Concept” of Accounting. Explain briefly.

- 13 What are accounting standards? What are the objectives of accounting standards?
- 14 Differentiate between the accounting convention of materiality and full disclosure.
- 15 Differentiate between Management Accounting and Cost Accounting. What are the functions of Accounting.
- 17 Write Short notes on any five:
- a. IFRS
 - b. Objectives of Accounting Standards
 - c. Difference between Trade Discount and Cash Discount
 - d. Real Account vs. Nominal Account
 - e. Accrual vs. Cash Basis of Accounting
 - f. Golden rules of Accounting
- 18 What are different branches of Accounting, Explain the significance of Financial and Management Accounting.
- 19 Differentiate between trade discount and cash discount.
- 20 Explain the interrelationship of accounting with other disciplines.
- 21 What is GAAP? Elaborate different accounting principles issued by ICAI.
- 22 What are accounting standards? Elaborate the meaning with reference to examples of certain accounting standards.
- 23 What are different branches of accounting? Examine limitations and objectives of accounting.
- 24 Give an account of different types of assets and liabilities.
- 25 Explain the convergence of accounting standards.
- 26 What is convention of conservatism?
- 27 Explain convention of consistency.
- 28 What are the different functions of Accounting?
- 29 Differentiate between accounting concepts and conventions. Elaborate the four accounting conventions.
- 30 What is accounting? What are its various branches? How does financial accounting provide information for management accounting? Also make a distinction between these two forms of accounting.
- 31 What do you understand by Accounting Standards? What purpose do these standards serve? How does these standards help in bringing transparency and uniformity in accounting?
- 32 What is meant by the term, ‘Generally Accepted Accounting Principles’? Explain the meaning and significance of the following:
- The going concern principle
 - Convention of consistency
 - Matching principle
 - Substance over form
- 33 According to the principles of “Double entry system”, every debit has corresponding credit”. Explain clearly. Discuss the merits of double entry system also.
- 34 Explain the steps taken for convergence of Accounting Standards in India to International Financial Reporting Standards.
- 35 Differentiate between Accounting concepts and Accounting conventions.
- 36 Elaborate the concept of AS 3.
- 37 Give the different terminologies in accounting.

- 38 State with reasons which of the following items should be taken as of a Capital and which are of a revenue nature:
- Rs. 2,000 spent on dismantling, removing and reinstalling plant and machinery to a more convenient site.
 - Rs. 600 paid for removal of stick to a new site.
 - Rs. 1000 paid for erection of a new machine.
 - Rs. 2,000 paid on repairing of the new factory.
- 39 Karan commenced business as on January 01, 2015. Given below are his transactions for the month of Jan. 2018. Journalize and post them in the ledger them.

Date	Particulars	Amount (Rs.)
Jan. 1	Business commenced with a capital	20,000
Jan. 2	Bank account opened by depositing cash	10,000
Jan. 3	Goods purchased from Rohan on credit	5,000
Jan. 5	Goods sold to Piyush on credit	4,000
Jan. 7	Goods purchased from Jyoti on credit	6,000
Jan. 8	Wages paid to employees	200
Jan. 9	Goods sold to Mayank on credit	5,000
Jan.10	Debt paid for the months of January to March 2001	3,000
Jan.10	Cheque received from Piyush	4,000
Jan.12	Paid for office expenses	1,000
Jan.12	Sold Goods to Jagdish on cash	2,000
Jan.13	Cheque issued in favor of Jyoti	6,000
Jan.15	Cash withdrawn for personal use	2,000

- 40 From the following transaction of M/S Abhinav, write up the journal in proper form:

2018	Particulars	Amount(Rs.)
Jan 1	Assets: cash in hand Rs. 2,000, cash at bank Rs. 68,000, stock of goods Rs. 4,0000, Machinery Rs. 1,00000, Furniture Rs. 1,0000, M/S Surya Bros. owe Rs. 15,000, M/s Bharat Bros. owe Rs. 25,000. Liabilities: Loan Rs. 5,0000, Sum owing to jatin Ltd. Rs. 2,0000	
Jan 2	Bought goods on credit from Samuel & Co.	10,000
Jan3	Sold goods for cash to Dhiraj& Co.	4,000
Jan 4	Sold goods to Surya Bros on Credit	1,0000
Jan 5	Received from Surya Bros. in full settlement of amount due on Jan 1	14500
Jan 6	Payment made to Jatin Bros Ltd. By cheque They allowed discount Rs. 250	9750
Jan 9	Old furniture sold for cash	1,000
Jan 10	Bought sold for cash	7500
Jan 11	Bharat Bros. pay by cheque; Cheque deposited in Bank	25,000
Jan 11	Paid carriage on these goods	1,000

Jan 13	Bought goods of Jatin Bros. Ltd.	1,0000
Jan 13	Paid carriage on these goods	500
Jan 16	Received cheque from Surya Bros., cheque deposited in bank Discount allowed to them 500	9500
Jan 17	Paid cheque to Jatin Bros Ltd	1,0000
Jan 18	Bank intimates that cheque of Surya Bros has been returned unpaid	
Jan 19	Sold goods for cash to Kay Bros.	6,000
Jan 21	Cash deposited in bank	5,000
Jan 24	Paid municipal taxes in Delhi	1,000
Jan 25	Borrowed from Sachin Investment Co. Ltd for constructing own premises. Money deposited with bank for the time being	1,0000
Jan 26	Old newspaper sold	200
Jan 28	Paid for advertisement	1,000
Jan 31	Paid rent by cheque Paid rent for the month Drew out of bank for private use Surya Bros. becomes insolvent, a dividend of 50 p. in a rupee is received an old amount, written off as bad debts in 1996 is recovered.	1500 3,000 2500

UNIT – II

I TEST YOUR SKILLS:

(a) Multiple Choice Questions:

1. Recording of a transaction in a Journal is called

- A. Posting
- B. Journalising
- C. Transfer
- D. Ruling

ANS B

ANS

2. Value of goods withdrawn by the proprietor for his personal use should be credited to _____.

- A. Capital A/c
- B. Sales A/c
- C. Drawings A/c
- D. Purchases A/c

ANS D

3. Outstanding salary account is

- A. Real Account
- B. Personal Account
- C. Nominal Account
- D. None of the above

ANS B

4. M/s Stationery Mart will debit the purchase of stationery to _____

- A. Purchases A/c
- B. General Expenses A/c
- C. Stationery A/c
- D. None

ANS A

5. Goods distributed as free samples is debited to

- A. Advertisement A/c
- B. Charity A/c
- C. Purchases A/c
- D. Goods A/c

ANS A

6. Journal entry for wages paid Rs. 5,000 for installation of plant will be

- A. Dr. Plant Repairs A/c and Cr. Cash A/c Rs. 5,000
- B. Dr. Wages A/c and Cr. Cash A/c Rs. 5,000
- C. Dr. Plant A/c and Cr. Cash A/c Rs. 5,000
- D. None of the Above

ANS C

7. Interest of Drawings is:

- A. Expenditure for the business
- B. Expense for the business
- C. Gain for the business

ANS C

8. Drawings account is the nature of

- A. Personal Account
- B. Real Account
- C. Nominal Account
- D. None of the above

ANS A

9. Outstanding Salaries are shown as:

- A. An Expense
- B. A Liability
- C. An asset

ANS B

10. Income tax paid by a sole proprietor from his business income should be:
- A. Debited to the trading Account
 - B. Debited to the Profit and Loss Account
 - C. Deducted from the Capital account in the Balance Sheet
- ANS C
11. The Income created but not yet received is known as:
- A. Unearned Income
 - B. Outstanding Income
 - C. Accrued Income
- ANS C
12. The income earned but not yet received:
- A. Accrued income
 - B. Outstanding Income
 - C. Unearned Income
- ANS C
13. The closing stock in adjustment is shown in:
- A. Trading Account
 - B. Profit and Loss Account
 - C. Balance Sheet
 - D. Both (a) and (c)
- ANS D
14. The opening stock is shown in:
- A. Trading Account
 - B. Profit and Loss Account
 - C. Balance Sheet
 - D. Both (a) and (c)
- ANS A
15. The trial balance checks
- A. Arithmetical accuracy of books
 - B. The honesty of the book-keeper
 - C. The valuation of closing stock
 - D. None of the three
- ANS A
16. In case a trail balance does not agree the difference is put to
- A. Trading A/c
 - B. Profit & Loss A/c
 - C. Capital A/c
 - D. Suspense A/c
- ANS D

17. Rs. 5000 spent on replacement of worn out part of the machine will be charged as:
A. Capital expenditure
B. Revenue Expenditure
C. Deferred Revenue Expenditure
ANS B
18. What is the order in which the accounting transactions and events are recorded in the books
A. Journal, Subsidiary books, Profit & Loss A/c and Ledger
B. Ledger, Journal, Balance Sheet and Profit & Loss A/c
C. Journal, Ledger, Profit & Loss A/c and Balance Sheet
D. Profit & Loss A/c, Ledger and Balance Sheet
ANS C
19. Depreciation of fixed assets is an example of:
A. Revenue Expenditure
B. Capital Expenditure
C. Deferred Revenue Expenditure
ANS A
20. Income is the output of excess or deficiency of revenue over related:
A. Expired Cost
B. Unexpired Cost
C. Sunk Cost
ANS A
21. The term 'Business Income' includes:
A. Unrealised Net Income
B. Realised Net Income
C. Revenue receipt
D. Going Concern
ANS B
22. The concept of conservatism ensures that the reported profit is not:
A. Under stated
B. Overstated
C. Neutral
D. Negative
ANS B
23. In accounting revenue is generally treated to be realized when goods or services are:
A. Not stated to the customers
B. Not stated to the competitors
C. Furnished to the customers
D. Not stated at all
ANS C

24. Capital expenditures are the expenditures incurred for the:
- A. Short term advantage of the business.
 - B. Long term advantage of the business.
 - C. No advantage
 - D. Advantage after closure of business
- ANS B
25. The principle of recognizing revenue proportionately on the basis of work actually done is generally followed in case of:
- A. Long term contracts
 - B. Short term contracts
 - C. Not done
 - D. Casual Contracts
- ANS A
26. The process of recording financial data up to trial balance is:
- A. Book keeping
 - B. Classifying
 - C. Summarizing
 - D. Analyzing
- ANS A
27. Fixed assets are held by business for _____:
- A. Converting into cash
 - B. Generating revenue
 - C. Resale
 - D. None of the above
- ANS B
28. Which accounting concept specifies the practice of crediting closing stock to the trading account?
- A. Cost
 - B. Realization
 - C. Going concern
 - D. Matching
- ANS D
29. An asset was purchased for Rs.1000000 with the down payment of Rs.200000 and bills accepted for Rs.800000/-. What would be the effect on the total asset and total liabilities in the balance sheet?
- A. Assets increased by Rs.800000 and liabilities decreased by Rs.800000
 - B. Assets decreased by Rs.800000 and liabilities increased by Rs.800000
 - C. Assets increased by Rs.1000000 and liabilities increased by Rs.800000
 - D. Assets increased by Rs.800000 and liabilities increased by Rs.800000
- ANS D

30. In which of the following cases, accounting estimates are needed?
- A. Employs benefit schemes
 - B. Impairment of losses
 - C. Inventory obsolescence
 - D. All of the above

ANS D

31. The purpose of final accounts is to ascertain. ...
- A. Profit
 - B. The value of assets
 - C. The value of liabilities
 - D. profit or loss and financial position

ANS D

32. Final accounts are prepared.....
- A. At the end of calendar year
 - B. on every Diwali
 - C. at the end of assessment year
 - D. at the end of accounting year

ANS D

33. The accounts that records expenses, gains and losses are
- A. Personal accounts
 - B. Real accounts
 - C. Nominal accounts
 - D. None of the above

ANS C

34. Real accounts record:
- A. Dealings with creditors or debtors
 - B. Dealings in commodities
 - C. Gains and losses
 - D. All of the above

ANS B

35. Errors of carry forward from one year to another year affect:
- A. Personal account
 - B. Real account
 - C. Nominal account
 - D. Both personal & Real accounts

ANS D

36. The manufacturing account is prepared
- A. To ascertain the profit or loss on the goods purchased
 - B. To ascertain the cost of manufactured goods

- C. To show the sale proceeds from the goods produced during the year
- D. None of the above.

ANS B

37. Sales made to Mahesh fir cash should be debited to
- A. Cash Account
 - B. Mahesh
 - C. Sales Account
 - D. Purchase Account

ANS A

38. The amount salary paid to Suresh should be debited to
- A. The account of Suresh
 - B. Salaries Account
 - C. Cash Account

ANS B

39. The cash discount allowed to a debtor should be credited to
- A. Discount Account
 - B. Customer's Account
 - C. Sales Account
 - D. Suspense Account

ANS B

40. In case of a debt becoming bad, the amount should be credited to
- A. Debtor's Account
 - B. Bad Debts Account
 - C. Sales Account
 - D. Suspense Account

ANS A

41. When goods are purchased for cash, the entry will be recorded in the?
- A. Cash book
 - B. Purchases book
 - C. Journal
 - D. None

ANS: A

42. The balance of petty cash is?
- A. An asset
 - B. A liability
 - C. An expense
 - D. An income

ANS: A

43. All of the following are not considered cash except?
- A. Postage and stamps

- B. Securities
- C. Investments
- D. Cheque

ANS: A

44. Entry representing the reversal or cancellation of an entry on the other side is called?
- A. Closing entry
 - B. Contra entry
 - C. Bank overdraft
 - D. Adjusting entry

ANS: B

45. The debit side discount column of three column cash book is called?
- A. Trade discount
 - B. Cash discount
 - C. Discount allowed
 - D. Discount received

ANS: C

46. The total of the 'Discounts Allowed' column in the Cash Book is posted to?
- A. The debit of the Discounts Received account
 - B. The debit of the Discounts Allowed account
 - C. The credit of the Discounts Allowed account
 - D. The credit of the Discounts Received account

ANS: B

47. Cash discount is provided?
- A. Early payment
 - B. Late payment
 - C. Bulk purchase
 - D. Bulk sales

ANS: A

48. Which of the following explains the imprest system of operating petty cash?
- A. Weekly expenses cannot exceed a set amount
 - B. The exact amount of expenses is reimbursed at intervals to maintain a fixed float
 - C. All expenses out of the petty cash must be properly authorized
 - D. Regular equal amounts of cash are transferred into petty cash at intervals

ANS: B

49. Which of the following payment is made from petty cash?
- A. Purchase of non-current asset
 - B. Payment to creditors
 - C. Cash deposited into bank
 - D. Payment of postage & telegrams

ANS: D

50. Which of the following transactions does not decrease cash?
- Purchasing inventory for cash
 - Accruing operating expenses
 - Paying trade accounts payable
 - Purchasing securities that are not cash equivalents

ANS: B

II SHORT ANSWER TYPE QUESTIONS:

- What is Opening Entry? Give its example.
- What is Personal, Real & Nominal Account.
- What is Ledger Folio?
- Briefly describe the functions of a Journal.
- What is Compound Journal Entry?
- What is Journal. State its significance.
- Define Trail Balance.
- State the three methods of preparing Trial Balance.
- What are the objectives of preparing a Trail Balance?
- What are Final Accounts? What purpose do they serve?
- What is meant by Marshalling of Assets and Liabilities?
- Differentiate between Trading and Profit & Loss Account.
- Outstanding expense and Prepaid Expense
- Outstanding Income and Prepaid Income
- Interest on Capital and Interest on Drawings
- Why adjustment entries are required to be made at the time of preparing Final Accounts? Give illustrative examples of any four such adjustment entries.
- Write short note on Closing entries.
- What is significance of preparing Trading Account?
- What do you understand by the term 'grouping' and 'marshalling' used in connection with the balance sheet? Illustrate the different forms of marshalling.
- Distinguish between Trial Balance and Balance Sheet.
- What do you mean by deferred revenue expenditure?
- What are implications of AS 26?
- What are capital losses? Explain with the help of illustrations.
- Illustrate deferred revenue expenditure.
- 'Ledger is the principle book of business.' Explain.
- What is the meaning of an account?
- What is the purpose of making a ledger?
- Explain the rules of debits and credits.
- What are Financial Statements?
- Differentiate between Trading Account and Profit & Loss Account.
- Trial Balance helps in knowing the arithmetical accuracy of the accounting entries.
- What is prepaid insurance.
- Why is it necessary to pass the adjustment entries?
- What do you understand by the term Outstanding expenses?

35. How are outstanding expenses shown in Final Accounts?
On 1st April 2019, Anees started business with Rs. 1,00,000 and did other transactions during the month. Pass Journal Entries for the following entries and also write the narration for the entries:
36. Purchase Furniture for Cash Rs. 7,000.
37. Purchase Goods for Cash Rs. 2,000 and for Credit Rs. 1,000 from Khalid Retail Store.
38. Sold Goods to Khan Brothers Rs. 12,000 and Cash Sales Rs. 5,000.
39. Owner withdrew of worth Rs. 2,000 for personal use.
40. Received Rs. 10,000 from Khan Brothers.

III LONG ANSWER TYPE QUESTIONS:

1. Explain different types of journal books.
2. What is depreciation? What are different causes of depreciation? Also elaborate different methods of providing depreciation.
3. Record the following transactions in Cash Book with Cash and Bank columns:
- | 2012 | Rs. |
|---|--------|
| 1 Jan Cash Balance | 200 |
| 1 Jan Bank Balance | 500 |
| 2 Jan Cash received from sale of Shares | 12,000 |
| 2 Jan Paid into Bank | 10,000 |
| 3 Jan Paid Amrit by cheque | 2,400 |
| 3 Jan Received cheque from Amit | 1,960 |
| 3 Jan Allowed him discount | 40 |
| 4 Jan Paid Wages by cash | 500 |
| 10 Jan Paid Amit's cheque into Bank | |
| 16 Jan Purchased goods for cash | 1,200 |
| 18 Jan Paid for Stationary cash | 300 |
| 19 Jan Paid Hema by cheque | 750 |
| 19 Jan Discount allowed by her | 50 |
| 19 Jan Withdrawn from Bank | 640 |
| 20 Jan Received from cash sales | 340 |
| 24 Jan Cash withdrawn for personal use | 400 |
| 24 Jan Received from Anand | 3,600 |
| Allowed him discount | 150 |
| 25 Jan Paid into Bank | 400 |
4. Journalise the following transactions:
- (a) Ram commenced business with Cash Rs. 1,00,000 and Furniture Rs. 20,000
- (b) Withdrew goods for personal use Rs.2000
- (c) Purchased goods from Ankit at a list price of Rs. 10,000. A trade discount of 10% was allowed.
- (d) Paid to Ankit 7,800 by cheque in full settlement.
- (e) Goods destroyed by fire Rs.3000
- (f) Rs. 2,600 payable by Rajan was written off as bad debts.

- (g) Rajan was declared as insolvent and received from his official receiver a first and final dividend of 75 paise in a rupee against the debt of Rs. 2,600
- (h) Paid into Bank Rs. 50,000
- (i) Bank collected Dividends on investment Rs. 20,000
- (j) Goods worth Rs. 30,000 distributed as free samples.
5. What are the objectives of providing depreciation? Compare the different methods of providing depreciation.
6. What are the financial statements? Elaborate the Performa of final accounts.
7. Karan commenced business as on January 01, 2001. Given below are his transactions for the month of Jan. 2001. Pass Journal entry & Prepare Ledger & Trial Balance.

Date	Particulars	Amount(Rs.)
Jan. 1	Business commenced with a capital	20,000
Jan. 2	Bank account opened by depositing cash	10,000
Jan. 3	Goods purchased from Rohan on credit	5,000
Jan. 5	Goods sold to Piyush on credit	4,000
Jan. 7	Goods purchased from Jyoti on credit	6,000
Jan. 8	Wages paid to employees	200
Jan. 9	Goods sold to Mayank on credit	5,000
Jan.10	Debt paid for the months of January to March 2001	3,000
Jan.10	Cheque received from Piyush	4,000
Jan.12	Paid for office expenses	1,000
Jan.12	Sold Goods to Jagdish on cash	2,000
Jan.13	Cheque issued in favor of Jyoti	6,000
Jan.15	Cash withdrawn for personal use	2,000

8. From the following transactions relating to Mr. Abhay Kumar. Show the effect on his assets, liabilities and capital by using the accounting equation:

Particulars	Amount
Started business with cash	1,0000
Purchased goods on credit	8,000
Plant purchased for cash	2,000
Sold goods costing	1,000
Sold goods costing for cash	2,000
Drew for personal use	500
Paid for salaries	300
Sold goods on credit to Manan costing Rs800 for	1500
Received cash from Mayank	700

- 9 The following is the Trial Balance of Shweta Enterprises for the year ended 31st December, 2011. You are required to prepare a Profit & Loss A/C and Balance Sheet after taking into account the adjustments given below:

Particulars	Rs.	Particulars	Rs.
Cash in hand	5,00	Sales	1,50,300
Cash at bank	1,200	Purchase Returns	5,000
Office Furniture	6,000	Account Payable (Creditors)	12,000
Account Receivable (Debtors)	15,000	Bills Payable	8,000
Commissions	1,200	Discount Received	1,000
Bills Receivable	3,500	Dividend Received	2,000
Power and Fuel	6,000	Rent Received	3,500
Plant and Machinery	24,000	Capital	27,000
Office Expenses	2,000		
Carriage Inwards	1,200		
Carriage Outwards	3,500		
Rent, Rates & Taxes	1,700		
Leasehold Premise	25,000		
Wages	30,000		
Salaries	7,000		
Opening Inventory	12,000		
Sales Returns	2,000		
Purchases	60,000		
Drawings	7,000		
Totals	2,08,800		2,08,800

Adjustments:

- Closing inventory as on 31-12-2011 is Rs. 18,000
- Depreciate Plant and Machinery at 10%
- Salaries Outstanding Rs. 1,000. Power and Fuel outstanding Rs. 2,000.
- Rs. 5,000 was spent on plant and machinery but wrongly included in wages.
- To provide for bad and doubtful debts for Rs. 1,500.
- Discount earned but not received Rs. 100.
- Commission due but not recorded or paid Rs.200.
- Rent received includes Rs.500 received in advance.

- 10 Journalize the following transactions:

- Shweta commenced business with Cash Rs. 10,00,000 and Furniture Rs. 20,000
- Paid into Bank Rs. 10,000
- Purchased goods from Raman at a list price of Rs. 10,000 at 10% trade discount.
- Paid to Raman 7,800 by cheque in full settlement.
- Rs. 2,600 payable by Karan was written off as bad debts.
- Goods destroyed by fire Rs.3000
- Karan was declared as insolvent and received from his official receiver a first and final dividend of 75 paise in a rupee against the debt of Rs. 2,600
- Received Commission Rs. 5,000

(i) Goods worth Rs. 30,000 distributed as free samples

11 Record the following transactions in Accounting Equation and prepare the Balance Sheet: 2013

1 May Sachin started business with cash Rs. 5,00,000, Bank balance Rs. 4,00,000, Furniture Rs. 60,000, Stock Rs. 50,000
3 May Purchased goods in Cash Rs.20, 000
5 May Goods worth Rs.2000 destroyed by fire
8 May Withdrawn Cash for personal use Rs.4000
10 May Sold goods (costing Rs.2000) for Rs.3000
12 May Purchased Machinery Rs.40000 from Rohit
15 May Paid rent Rs.6000
18 May Received Commission Rs.6000
25 May Goods distributed as free samples worth Rs.4000
28 May Depreciation on Furniture @10% p.a.

12 Distinguish between Capital Receipts and Revenue Receipts

13 When is business revenue considered as accrued? What are the exceptions to this rule?

14 What is the difference between expired cost and imputed cost?

15 Illustrate revenue and capital loss with the help of examples.

16 What is the significance of distinction between capital and revenue items? Explain with examples.

17 Differentiate between Ex-ante income and Ex-post income.

18 What is the difference between revenue expenditure and capital expenditure?

19 Differentiate between Balance Sheet and Trial Balance.

20 Differentiate between capital and revenue.

21 Distinguish between expired and unexpired cost.

22 Explain the different classification of receipts.

23 What are different types of expenditures?

24 Differentiate between Deferred Revenue Expenditure and Revenue Expenditure with the help of examples.

25 From the following particulars given below, write the Sales Book of M/S Abhiranjan.
2008

Jan 1 Sold to Virmani Stores

100 Bulbs of 100 watts @ Rs. 40 each. 50 Tubelights @ Rs. 25 each net.

100 Switches 5 AMP' 2 @ Rs. 10 each.

Jan 11 Sold to from Narayan Sons

50 Electric Heaters @ Rs. 40 each. 10 toasters @ Rs. 150 each. 15 Electric Irons

Philips Rs. 200 each. Trade Discount 10%. Packing & Forwarding Charges Rs. 250.

Jan 17 Sold to Ram Electrical Co.

10 Desert Coolers @ Rs.2500 each, Less: 20% Trade Discount

100 Toasters @ Rs. 175 each, Less: 15% Trade Discount

10 Electrical Kettles @ Rs. 150 each, Less: 10% Trade Discount

Sales Tax 7% Paid by us. Transport Charges Rs.500.

26 Define, explain and prepare format of journal.

- 27 Explain the difference between simple journal entry and compound journal entry.
- 28 What is meant by Ledger Posting? Explain its importance in accounting.
- 29 What is the difference between Trial Balance and Balance Sheet? What are the objectives of making both the formats?
- 30 What are different types of Journals?
- 31 What is a trial balance? Why is it prepared? Discuss the methods of preparation of trial balance.
- 32 A company carried forward balance of Rs. 50,000 in the Profit and Loss Appropriation A/c from the year ended 31st March 2010. During the year 2010-2011, it made a further profit of Rs. 5,00,000. It was decided that following decisions be carried out:
 a) Provisions for taxation Rs. 2,20,000; b) Dividend Equalization account Rs. 60,000; c) Dividend on 12% preference shares of Rs. 2,50,000, d) Dividend 15% on 40,000 equity shares of Rs. 10 each fully paid, e) General Reserves Rs. 55,000; f) Development rebate reserves Rs. 40,000; g) Provide for Corporate Dividend Tax at 16.2225%.
- You are required to give profit & loss appropriation account and give journal entries for payment of dividend.
33. Enter the following hypothetical transaction in the appropriate type of the cash books and post the same to the relevant ledger account:

2008	
July 1	Started business with an investment of Rs. 9,000
July 2	Deposited in bank of India, Rs. 7,000
July 4	Acquired a building by issuing a cheque of Rs. 5,000
July 10	Paid the bill of the furniture by cheque Rs. 1,000
July 15	Purchased Rs. 800 of merchandise by cheque
July 18	Withdrew Rs. 100 from the bank
July 20	Sold merchandise for Rs. 1,200
July 22	Deposited Rs. 2,000 into the bank
July 25	Bought Rs. 1,000 merchandise
July 26	Sold Rs. 1,500 merchandise by crossed cheque
July 27	Paid Rs. 100 by cheque as the premium for insuring building against fire
July 28	Paid freight Rs. 50
July 30	Withdraw from bank for personal use Rs. 500
July 31	Cleared electricity bill Rs. 90
July 31	Paid to Mahesh Rs. 1,080 in full satisfaction by cheque. We owed to Mahesh Rs. 1,100 for goods purchased.
July 31	Received from Suresh a cheque for Rs. 1,480, in full satisfaction of the debt of Rs. 1,510.

34. From the following trial balance of Shri Goyal, prepare trading and profit and loss account for the year ending 31 Dec, 2xxx, and balance sheet as on that date after taking into consideration the adjustments given at the end of the trial balance:

Trial Balance
As on 31 December 2xxx

Particulars	Dr. (Rs.)	Cr. (Rs.)
Sales		3,70,000
Purchases (adjusted)	3,49,600	
Wages		10,450
Capital Account		34,250
National Insurance	150	
Carriage Inwards	200	
Carriage Outwards	250	
Lighting		300
Rates and Insurance (including premium of Rs. 150 p.a. upto 30june 2008)	200	
Stock at 31.12.2xxx	30,625	
Cash in Hand and at Bank	875	
Discount earned		300
Plant and Machinery	15,000	
Discount allowed	50	
Debtors and Creditors	3,000	10,000
Furniture		4,000
Dividend received		150

Adjustments: -

- (a) National insurance also includes employee's contribution of Rs. 75. Wages are shown 'Net' after deducting national insurance contribution borne by the employees.
- (b) Owing to the nature of employment, some employees are housed in the building of the business. The rental value of such portion is assessed at Rs. 250 per annum. The benefit to the employee is treated as wages and the rental as income for Shri Goyal.
- (c) Depreciate plant and machinery at 15% per annum and furniture at 10% p.a.
- (d) Goods worth Rs. 2,000 given by Shri Goyal to his son at cost.
- (e) The manager is entitled to a commission of 20% of the net profits after charging his commission. (Calculations may be made nearest to the multiple of a rupee).

35. The following are the extracts from the Trial Balance of a firm:

Particulars	Dr.(Rs.)	Cr.(Rs.)
Sundry Debtors	50,000	
Provisions for Bad Debts		5,000
Provision for Discount		2,000
Bad Debts	3,000	
Discount	1,000	

Additional Information:

- (a) Additional Bad Debts Rs. 1,000.
- (b) Additional Discount Rs. 500.
- (c) Create a Provision for Bad Debts @ 10% on debtors.

- (d) Create a Provision for Discount @ 5% on debtors.
Pass the necessary journal entries, prepare Provision for Bad Debts Account and Provision for Discount on Debtors Account and show how the different items will appear in the Firm's Final Accounts.
36. Enter the following transactions in the cash book of M/s. Rohan Traders for December 2018:
- December 01 Cash in Hand Rs.27,500
 - December 05 Cash received from Nitu Rs.12,000
 - December 08 Insurance Premium paid Rs.2,000
 - December 10 Furniture purchased Rs.6,000
 - December 14 Sold Goods for cash Rs.16,500
 - December 18 Purchased Goods from Naman for cash Rs.26,000
 - December 22 Cash paid to Rohini Rs.3,200
 - December 25 Sold Goods to Kanika for cash Rs.18,700
 - December 28 Cash Deposited into Bank Rs.5,000
 - December 30 Rent paid Rs.4,000
 - December 31 Salary paid Rs.7,000
37. Prepare Cash Book for the month of April 2019 from the following particulars:
- April 01 Cash in hand Rs.17,600
 - April 03 Purchased Goods for cash from Rena Rs.7,500
 - April 06 Sold Goods to Rohan Rs.6,000
 - April 10 Wages paid in cash Rs.500
 - April 15 Cash paid to Neena Rs.3,500
 - April 17 Cash Sales Rs.10,000
 - April 19 Commission paid Rs.700
 - April 21 Cash received from Teena Rs.1,500
 - April 25 Furniture Purchased for cash Rs.1,700
 - April 28 Rent paid Rs.3,000
 - April 30 Paid Electricity bill in cash Rs. 1,300
38. From the following transactions prepare Sales Book of M/s. Dhiman Furniture company for Jan, 1997 also post them into the ledger :-
- Jan. 4 sold to Kurukshetra University**
 Kurukshetra – 50 chairs @ Rs. 200 each
 50 tables @ Rs. 400 each
 Less : 10% trade Discount
- Jan. 14 Sold to S.A. Jain College, Ambala**
 1 office chair 'Goderaj' @ Rs. 2100
 1 office Table Teak wood @ Rs. 2400
 Less 20 % trade discount
- Jan. 20 Sold to P.K.R. Jain School, Chandigarh for cash –**
 100 chairs @ Rs. 150 per chair.

Jan. 24 Supplied to M.D.S.D Girls College, Ambala –

5 classroom table @ Rs. 200 each

5 chairs @ Rs. 125 each

10 stools @ Rs. 50 each.

39. Enter the following transactions of July 2018 into bills receivable book and post them into the ledger:

Date	Transaction
July 3	received acceptance from Salman for a bill of Rs. 1000 of 3 months
July 15	Dharmender accepted our bill of Rs. 2000 of three months.
July 25	Vinod Khanna give his acceptance of a bill of Rs. 5000 of 4 months.

40. Prepare two columns cash book of M/s. A.B. & Co. with cash and bank columns oct. 2018

Bank Balance Rs.7475

Cash Balance Rs.3030

Cash purchase Rs. 2170

Seller allowed trade discount Rs.30

Cash withdrawn from Bank Rs.3500

Paid rent for Sept. 2002 Rs.400

Goods sold of Rs. 2000 discount allowed Rs. 70(T.D) and Rs. 30 (Cash Discount) received cash for this A/c payee cheque received for the balance, and deposited into bank 1000

Paid wages and salaries as advance Rs.1100

Goods sold on credit to Neha Rs.1000

Trade discount allowed Rs.60

Bearer cheque received for the sale of 12.10.02 Rs.940

Cash sales Rs.1000

Goods sold for cash after allowing cash discount of Rs. 30 and payment Rs. 880

Received by bearer cheque Rs.770

Goods purchased for cash Rs.800

Goods sold in view of bearer cheque Rs. 800

Trade discount allowed Rs. 30

Cash deposited in Bank Rs. 1800

UNIT - III

I MULTIPLE CHOICE QUESTIONS:

1. Depreciation is the process of:
 - A. Apportionment of the cost of the asset over its useful life
 - B. Valuation of assets
 - C. Maintenance of asset in a state of efficiencyANS: A

2. The profit on depreciation policy is transferred to:
 - A. Depreciation reserve account
 - B. Profit and Loss Account
 - C. Asset accountANS: A

3. In case of Annuity Method, the amount of depreciation is:
 - A. Increasing every year
 - B. Fixed for all the year
 - C. Decreasing every yearANS: B

4. For providing depreciation on leasehold property, the appropriate method of depreciation is:
 - A. Replacement Method
 - B. Revaluation Method
 - C. Fixed Installment MethodANS: C

5. Depletion Method of depreciation is used in:
 - A. Cattle, Loose tools etc.
 - B. Mines, Quarries etc.
 - C. Machinery, Building, Furniture etc.ANS: B

6. The interest lost on the acquisition of an asset is taken into account in calculating depreciation in:
 - A. Depletion Method
 - B. Annuity Method

C. Diminishing Balance Method

ANS: B

7. In this method depreciation is charged on the cost of asset every year:

A. Straight Line Method

B. Written Down Value Method

C. Sum of Years digit method

ANS: A

8. AS 6 revised is an accounting standard for:

A. Inventory Valuation

B. Depreciation Accounting

C. Revenue recognition

D. None of the above

ANS: B

9. These reserves are created out of revenue profits of the business for a specific purpose:

A. Specific Reserves

B. General Reserves

C. Capital Reserves

ANS: A

10. These are the reserves created only to strengthen the financial position or the business and to keep the funds available for any future contingency or expenditure that may be required:

A. Specific Reserves

B. General Reserves

C. Capital Reserves

ANS: B

11. These reserves are created out of capital profits:

A. Specific Reserves

B. General Reserves

C. Capital Reserves

ANS: C

12. These reserves are not shown in the balance sheet:

A. Specific Reserves

B. Capital Reserves

C. Secret reserves

ANS: C

13. A reserve is created but its identity is merged with some other account or group of accounts so that the existence of the reserve is not known:

A. Capital reserves

B. Secret Reserves

C. Undisclosed Reserves

ANS: C

14. The value of asset can be reduced to zero under this method ____
- A. Straight line method
 - B. Written down value method
 - C. Annuity method
 - D. Depreciation fund method

ANS: B

15. Provision for depreciation account appears on the _____
- A. Asset side
 - B. Liability side
 - C. P & L account debit side
 - D. P & L account credit side

ANS: A

16. If the asset is sold, the provision for depreciation relating to the asset sold is transferred to:
- A. Asset account
 - B. Liability account
 - C. P & L account
 - D. Trading account

ANS: B

17. Depreciation is charged on ____
- A. Continuous basis
 - B. Temporary basis
 - C. Daily basis
 - D. Monthly basis

ANS: A

18. Loss of usefulness occasioned by improved production methods is known as ____
- A. Physical deterioration
 - B. Obsolescence
 - C. Disuse
 - D. Inadequacy

ANS: A

19. Depreciation applies to ____
- A. Current assets
 - B. Wasting assets
 - C. Intangible assets
 - D. Fixed assets

ANS: B

20. Depletion applies to ____

- A. Current assets.
- B. Wasting assets
- C. Intangible assets
- D. Fixed assets

ANS: D

21. Income tax authorities recognize this method ____
- A. Straight line method.
 - B. Written down value method.
 - C. Annuity method.
 - D. Depreciation fund method

ANS: B

22. Amortization applies to-
- A. Current assets.
 - B. Wasting assets.
 - C. Intangible assets.
 - D. Fixed assets

ANS: C

23. Mines quarries oilfields and forest are example of
- A. Fixed assets.
 - B. Current assets.
 - C. Wasting assets.
 - D. Intangible assets.

ANS: C

24. In depreciation calculation the life of an asset is:
- A. A certain figure
 - B. An estimate
 - C. A predetermined figure for all fixed assets

ANS: B

25. Depreciable amount plus residual value of a fixed asset:
- A. Depreciation expenses
 - B. Accumulated depreciation
 - C. Cost of the fixed asset
 - D. Future economic benefits of a fixed asset

ANS: C

26. Cost of fixed asset minus accumulated depreciation expenses of the fixed asset:
- A. Book value of a fixed asset
 - B. Market value of a fixed asset
 - C. Historical cost of a fixed asset
 - D. Recoverable amount of a fixed asset

ANS: A

27. The estimate about useful life of a fixed asset:
A. Can never be changed
B. Can be changed
ANS: B
28. XYZ has imported a machine from abroad. Which of the following is not the element of a machine's cost?
A. Purchase price of machine
B. Import duty
C. Dismantling charges
D. Refundable Tax
ANS: D
29. Which of the following fixed asset is not depreciated in ordinary circumstances:
A. Plant and Machinery
B. Building
C. Land
D. Equipment
ANS: C
30. In calculation of depreciation, all of the following items are actually estimates except:
A. Useful Life
B. Residual Value
C. Historical Cost
D. Salvage Value
ANS: C
31. Depreciation means
A. Depletion
B. Amortization
C. Saving of Cash
D. Reduction in the books value of the fixed asset
ANS: D
32. Provision for Depreciation is
A. An appropriation of profit
B. A charge against the profit
C. Accumulation of reserves
D. Writing of losses
ANS: B
33. A machine is purchased at a cost of Rs. 5,00,000. Its useful life is 5 years with a scrap value of Rs. 50,000. It is sold for Rs. 40,000 at the end of 5 years. The profit or loss on the sale would be:

- A. Profit Rs. 15,000
- B. Loss Rs. 5,000
- C. No Profit no Loss
- D. Loss of Rs. 1,000

ANS: D

34. Depreciation of loose tools is provided by
- A. Replacement method
 - B. Revaluation method
 - C. Diminishing value method
 - D. Provisions for depreciation process

ANS: B

35. Which of the following is not one of the five areas into which social accounting can be divided?
- A. Environmental auditing
 - B. Managerial social accounting in profit oriented organisations
 - C. National income social accounting
 - D. Social auditing

ANS: A

36. Human resource accounting attempts to place a value on:
- A. The operations of the personnel department
 - B. The whole workforce
 - C. Training undertaken over a period of time
 - D. Recruitment processes

ANS: B

37. Which of the following is not a reason that explains why more firms are reporting on social matters?
- A. Media power
 - B. Increased efficiency
 - C. Encouragement from governments through company law
 - D. Consumer's views

ANS: B

38. The amount of depreciation charged on a machinery will be debited to:
- A. Machinery Account
 - B. Depreciation Account
 - C. Cash Account
 - D. Repair Account

ANS: B

39. Loss on sale of machinery will be:
A. Debited on machinery A/c
B. Credited to machinery A/c
C. Credited to profit and loss A/c
D. None of them
ANS: B
40. Which of the term is used to write off in reference to tangible fixed assets.
A. Depreciation
B. Depletion
C. Amortization
D. Both (B) and (C)
ANS: A
41. Reduction in the book value of an asset over a period of time is called-
A. Appreciation
B. Depreciation
C. Proportion
D. Depletion
ANS: B
42. Which among the following is not a reason for depreciation?
A. Use of asset
B. Passage of time
C. Obsolescence
D. Repair of an asset
ANS: D
43. Depreciation is charged on
A. Current asset
B. Fixed asset
C. Intangible asset
D. Current liability
ANS: B
44. Depreciation helps in determining
A. Accurate level of profit
B. Increases the value of asset
C. Revenue generation
D. increase the burden of tax
ANS: A
45. The asset which is an exception from depreciation is
A. Computer
B. Furniture
C. Land

D. ATM Machine

ANS: C

46. Which of the following is true about the straight-line method?

A. Complex method

B. Cost of depreciation remains constant

C. Cost of depreciation changes every year

D. P&L account debited with different amount every year

ANS: B

47. Bank purchased a computer on 1.03.2015 at a cost Rs. 50000, estimated life is 8 years, cost of depreciation under straight-line method will be-

A. 6250

B. 7430

C. 5000

D. 4590

ANS: A

48. Annual depreciation of machine is 40000, cost of machine is 500000, rate of depreciation according to straight-line method will be-

A. 9%

B. 18%

C. 16%

D. 8%

ANS: D

49. Value of an asset is 9 lakh, scrap value is 125000, estimated life is 10 years the cost of depreciation under straight-line method will be-

A. 65000

B. 89000

C. 77500

D. 67880

ANS: C

50. Depreciation is a process of:

A. Valuation of asset

B. Allocation of cost

C. Both A& B

D. Only A

ANS: B

II. SHORT ANSWER TYPE QUESTIONS:

1. What is Depreciation?
2. What are the causes of depreciation?
3. What are different methods of depreciation?
4. Differentiate between straight line method and written down value method.
5. Briefly explain depreciation fund?
6. Explain amortization with example.
7. What is the importance of charging depreciation?
8. What factors should be kept in mind while charging depreciation?
9. Explain AS 6 (Revised).
10. Differentiate between provision and reserve.
11. Define net realizable value.
12. Explain accounting standard for depreciation accounting.
13. What is depreciation accounting?
14. What is the difference between provisions and reserves?
15. What are different types of reserves?
16. State briefly the need for providing depreciation.
17. Explain basic factors affecting the amount of depreciation.
18. Distinguish between SLM and WDV.
19. Differentiate between provision and reserve.
20. What are the effects of Depreciation on profit and loss account and balance sheet?
21. Explain Human Resource Accounting.
22. What is Green accounting?
23. Define Inflation Accounting.
24. Explain Social Responsibility Accounting.
25. Elaborate Price Level Accounting.
26. What is AS-6 (Revised)?
27. What are different methods of providing depreciation?
28. Give the objectives of providing depreciation.
29. Explain different methods of recording depreciation.
30. What are various causes of depreciation?
31. Write short notes on following: -
 - Human Resource Accounting
 - Social Responsibility Accounting
 - Inflation Accounting
 - Green Accounting
 - Price Level Accounting
32. Depreciation accounting is a process of allocation and not of valuation. Explain.
33. Define depreciation, fluctuation, obsolescence and amortization.
34. "Accumulated depreciation is a sum of cash being accumulated for the replacement of fixed assets." Explain the statement giving reasons.
35. What are the advantages and limitations of Human Resource Accounting?
36. The first cost of a machine is Rs. 1,800,000 with a salvage value of Rs. 300,000 at the end of its six years of life. Determine the total depreciation after three years using the Straight-Line Method of Depreciation.

37. A commercial building has a salvage value of Rs. 1 million after 50 years. Annual depreciation is Rs. 2 M. Using the Straight-Line Method, how many years after should you sell the building for Rs.30 M?
38. The equipment bought at a price of Rs. 450,000 has an economic life of 5 years and a salvage value of Rs. 50, 000. The cost of money is 12% per year. Compute the first-year depreciation using Declining Balance Method.
39. An equipment costs Rs.1,500,000. At the end of its economic life of five years, its salvage value is Rs.500,000. Using Sum of the Years Digit Method of Depreciation, what will be its book value for the third year?
40. A machine costs Rs.2,000,000. It has a salvage value of Rs.500,000 at the end of its economic life. Using the Sum of the Years Digit Method, the book value at the end of two years is Rs. 800,000. What is the machine's economic life in years?

III. LONG ANSWER TYPE QUESTIONS:

1. Explain the need and significance of Depreciation.
2. What factors should be considered for determining the amount of Depreciation?
3. Distinguish between SLM and DBM of providing depreciation. Which one of the two methods would you recommend providing depreciation on plant and machinery?
4. Explain circumstances under which different methods of depreciation can be employed.
5. Write short note on AS 6 (Revised).
6. Explain elaborately depreciation fund.
7. What is depreciation? Discuss the merits and demerits of Sinking Fund Method of depreciation.
8. A firm purchased a plant for Rs. 10,000 on 01/01/2007. It was charging depreciation at 10% p.a. according to the fixed installment method. At the end of 2011, the firm decided to change the method of depreciation from the Fixed Installment Method to the Diminishing Balance Method w.e.f. 01/01/2008. The rate of depreciation was to be 12% p.a. You are required to prepare the Plant Account for the three years ending 31st December 2011 and also show how the depreciation item would appear in the Profit and Loss Account of the year 2011.
9. Special Services Ltd. bought a truck on January 1, 2010 for Rs. 60,000 and a sum of Rs. 20,000 was spent for various accessories. On July, 1 2011 another vehicle was purchased for Rs. 52,000. On July 1, 2012 the first truck was sold for Rs. 60,000. On the same date another truck was purchased for Rs. 50,000. On July, 2010 the second vehicle was sold for Rs. 46,000. Rate of depreciation was 10% on original cost annually on 31st December. In 2012, the company changed the method of charging depreciation to diminishing value method, the rate being 15%. Prepare truck account for year ending on 2010, 2011, 2012 and 2013.
10. On 1st July, 2004, a company purchased a plant for Rs. 20,000. Depreciation was provided at 10% p.a. on straight line method on 31st December every year. With effect from 1.1.2006, the company decided to change the method of depreciation to DBM @ 15% p.a. On 1.7.2007, the plant was sold for Rs.12000. Prepare plant account from 2004 to 2007, if the firm decides on 1.1.2006 to charge depreciation according to DBM w.e.f. 1.7.2004 and to make adjustments for arrears of depreciation in the year 2006.

11. A company provides depreciation under the SLM at the rate of 10% p.a. The balance in the Plant & Machinery Account on 31st Dec, 2005 after writing off depreciation for the year was Rs. 1,95,150 (total cost price of the plant was Rs 3,58,000). During Jan 2006, new plant was purchased at the cost of Rs 29,500 and one machinery which has cost Rs 5,500 in 2004 was sold as scrap for Rs 400. During Jan 2007, there were additions costing Rs 18,000 and a machine which had cost Rs 7000 in 2002 was sold for Rs 3,500. On 1 Jan, 2002 Rahul & Co. purchased a machinery costing Rs 1,00,000. Its working life is 10 years. It has been decided to depreciate it at the rate of 12% on the DBM. Show the machinery account for first three years.
12. Discuss in detail the Straight-Line Method and Written Down Value Method of depreciation. Distinguish between the two and also give situations where they are useful.
13. What are different contemporary issues and challenges in accounting?
14. Name and explain different types of reserves in details
15. What are provisions? How are they created? Give accounting treatment in case.
16. What is depreciation? Does it depend on the market value of the asset? Why is it necessary to provide for depreciation of assets while preparing the balance sheet?
17. Differentiate between Human Resource Accounting and Green accounting.
18. What is Inflation Accounting? How is it different from Price Level Accounting? Also give the features of Social Responsibility of Accounting.
19. A firm purchased on 1st Jan, 2004 certain Machinery for Rs. 58,200 and spent Rs. 1,800 on its erection. On 1st July, 2004 additional machinery costing Rs. 20,000 was purchased. On 1st July, 2006 the machinery purchased on 1st Jan, 2004 having become obsolete was auctioned for Rs 28,600 and on the same date fresh machinery was purchased at a cost of Rs 40,000.
 - a. Depreciation was provided for annually on 31st December at the rate of 10% on WDV. In 2007, however the firm changed this method of providing depreciation on the original cost of the machinery.
 - b. Give the machinery account at the end of each year from 2004 to 2007.
19. Explain the concept of change in method of depreciation. Also elaborate the change in method of depreciation with retrospective effect.
20. Differentiate between provisions and reserves.
21. What are reserves? Explain various types of reserves.
22. Explain the need and significance of depreciation. What factors should be considered in determining amount of depreciation?
23. Distinguish between SLM and DBM of providing depreciation. Which one of the above two methods would you recommend providing depreciation on plant and machinery?
24. Explain the circumstances under which different methods of depreciation can be employed.
25. What is depreciation? Discuss the merits and demerits of Sinking Fund Method of depreciation.
26. Write short note on Depreciation Fund and WDV.
27. Elaborate Social Responsibility accounting with the help of example.
28. What are the causes and objectives of providing depreciation.
29. Differentiate between Green accounting and Inflation accounting.
30. Distinguish between provisions and reserves.

31. Explain the need and significance of depreciation? What factors should be considered for determining amount of depreciation?
32. Distinguish between straight line method and diminishing balance method of providing depreciation. Which one of the above two methods would you recommend providing depreciation on Plant & Machinery?
33. What is “Green Accounting”? How it can be used as a mean for discharge social responsibility by a company? Discuss.
34. Distinguish between following:
- Provisions & Reserves
 - Social Responsibility Accounting & Financial Accounting
 - Human Resource Accounting & Financial Accounting
35. Suresh bought a plant on 1.1.2003 for a sum of Rs. 1,00,000, having a useful life of 5 years. It is estimated that the plant will have a scrap value of Rs. 16,000 at the end of its useful life. Suresh decides to charge depreciation according to depreciation fund method. The depreciation fund investment is expected to earn interest at 5% p.a. Sinking fund table shows that Rs. 0.180975 if invested yearly at 5% p.a. produces Rs. 1 at the end of 5 years. The investments are sold at the end of 5th year for a sum of Rs. 65,000. A new plant is purchased for Rs. 1,20,000 on 1.1.2008. The scrap of the old plant realizes Rs. 17,000.
You are required to prepare the necessary accounts in the book of Suresh.
36. On 1st April 2017, a limited company purchased a Machine for ₹ 1,90,000 and spent ₹ 10,000 on its installation. At the date of purchase, it was estimated that the scrap value of the machine would be ₹ 50,000 at the end of sixth year.
Give Machine Account and Depreciation A/c in the books of the Company for 4 years after providing depreciation by Fixed Installment Method. The books are closed on 31st March every year.
37. On 1st April 2009, a Company bought Plant and Machinery costing ₹ 68,000. It is estimated that its working life is 10 years, at the end of which it will fetch ₹ 8,000. Additions are made on 1st April 2010 to the value of ₹ 40,000 (Residual value ₹ 4,000). More additions are made on Oct. 1, 2011 to the value of ₹ 9,800 (Break-up value ₹ 800). The working life of both the additional Plant and machinery is 20 years.
Show the Plant and Machinery account for the first four years, if depreciation is written off according to Straight Line Method. The accounts are closed on 31st March every year.
38. Chandra Ltd. purchased a second-hand machine for ₹ 8,000 plus CGST and SGST @ 6% each on 1st July 2015. They spent ₹ 3,500 on its overhaul and installation. Depreciation is written off 10% p.a. on the original cost. On 30th September 2018, the machine was found to be unsuitable and sold for ₹ 6,500. Prepare the Machinery A/c for four years assuming that accounts are closed on 31st March.
39. A Ltd. purchased a machine for ₹ 5,00,000 on 1st April 2012. Further addition was made on 1st October 2012 and on 1st July 2013 for ₹ 4,00,000 and ₹ 3,00,000 respectively. On 1st January 2015, 1st machine was sold for ₹ 2,85,000 and new machine was purchased for ₹ 6,00,000.
Prepare Machine A/c for three years ending 31st March 2015 if depreciation is to be charged @ 10% p.a. on straight line basis.
40. On 1st January 2016, A Ltd. Purchased a machine for ₹ 2,40,000 and spent ₹ 10,000 on its erection. On 1st July 2006 an additional machinery costing ₹ 1,00,000 was purchased.

On 1st July 2018 the machine purchased on 1st January 2006 was sold for ₹ 1,43,000 and on the same date, a new machine was purchased at a cost of ₹ 2,00,000.
Show the Machinery Account for the first three calendar years after charging depreciation at 5% by the Straight-Line Method.

UNIT – IV

I MULTIPLE CHOICE QUESTIONS:

1. Shares which are not preference shares are called:
A. Sweat Equity shares
B. Right Issue
C. Equity shares
D. All of above
ANS C
2. The amount of share premium received by the company is shown in the Balance Sheet under the heading:
A. Equity and Liabilities
B. Reserves and Surplus
C. Non-Current Assets
D. All of above
ANS B
3. Return of shares voluntarily by a shareholder to the company for cancellation is called:
A. Surrender of Shares
B. Forfeiture of Shares
C. Reissue of Shares
D. All of above
ANS A
4. A situation where a company receives applications for a smaller number of shares than offered to the public for subscription is termed as:
A. Over Subscription
B. Under Subscription
C. Normal Subscription
D. All of above
ANS B
5. Shares having preferential right as to dividend and repayment of capital are termed as in
A. Equity shares
B. Preference Shares
C. Right Issue
D. Issue of Bonus shares
ANS B

6. The amount paid as premium for an insurance policy taken for redemption of debentures is credited at the end of the accounting period to:
- A. Insurance Policy Account
 - B. Debentures Redemption Fund Account
 - C. Profit and Loss Appropriation Account
 - D. Insurance Premium

ANS B

7. The balance sheet of the debentures sinking fund after redemption of debentures is credited at the end of the accounting period to:
- A. Profit and Loss Account
 - B. General Reserve
 - C. Debentures Account
 - D. Profit and Loss Appropriation Account

ANS B

8. Debentures issued as Collateral Security for Rs. 10,000 will be debited to:

- A. Debentures Suspense Account
- B. Bank Account
- C. Debentures Account
- D. Collateral Security

ANS A

9. In case debentures of Rs. 10,000 are issued at par but payable at a premium of 10% the premium payable will be debited to:

- A. Debentures Suspense Account
- B. Premium on Redemption of Debentures Account
- C. Loss on issue of Debentures Account
- D. Suspense account

ANS C

10. If debentures of the nominal value of Rs. 1,00,000 are issued at discount of 10% for net assets worth Rs. 80,000, the balance of Rs. 10,000 will be debited to:

- A. Goodwill Account
- B. Capital Reserve Account
- C. Profit & Loss Account
- D. Suspense account

ANS A

11. A reserve created for redemption of debentures at a future date:

- A. Debentures Sinking Fund
- B. Debentures Redemption Reserve
- C. Profit & Loss Appropriation Account
- D. Suspense Account

ANS B

12. Which of the following statement is false?
- A. A company is a legal entity quite distinct from its members.
 - B. A company can buy its own shares
 - C. A shareholder is the agent of a company
 - D. Same person can be agent and creditor of the company
- ANS C
13. Which of the following are characteristics of the company?
- A. Liability of the members is limited up to the face value of the shares held by them
 - B. It is a voluntary association of persons
 - C. A company is a separate body can sue and be sued its own name
 - D. All of the above
- ANS D
14. Which of the company's capital is not shown in balance sheet?
- A. Authorized Capital
 - B. Issued and Subscribed Capital
 - C. Called and Paid up Capital
 - D. Reserve Capital
- ANS D
15. Securities Premium Account is shown on the liabilities side under the head:
- A. Share Capital
 - B. Reserves and Surplus
 - C. Current Liabilities
 - D. Suspense account
- ANS B
16. As per section 78 of Company's Act amount collected as premium on securities cannot be utilized for:
- A. Issuing fully paid bonus shares to the members
 - B. Purchase of fixed assets
 - C. Writing off Preliminary Expenses
 - D. Buy Back of its own shares
- ANS B
17. The portion of the Authorized Capital which can be called-up only on the liquidation of the Company is called:
- A. Authorized Capital
 - B. Reserve Capital
 - C. Issued Capital
 - D. Called up Capital
- ANS B
18. A Company can issue share at a discount if:
- A. One year have been elapsed since the date at which the company was allowed to commence business

- B. Share issued at a discount must belong to a class of shares already issued
- C. Issue must take place within two months after the date of sanction by the court or within extended time
- D. All of the above

ANS D

19. A new company set up by existing companies with five year track record can issue share at premium provided:

- A. Participation of existing companies are not less than 50%
- B. Prospectus contains justification for issue price
- C. The issue price is made applicable to all new investors uniformly
- D. All the above

ANS D

20. Debenture holders are the:

- A. Owners
- B. Creditors
- C. Directors
- D. Suppliers

ANS B

21. Debenture holder receive:

- A. Fixed Interest
- B. Dividend
- C. Profit
- D. None of them

ANS A

22. Share Capital in the balance sheet is shown under:

- A. Asset
- B. Liability
- C. Income
- D. Resource

ANS B

23. A private invitation to the public to purchase shares of a company is called:

- A. Prospectus
- B. Audit Report
- C. Article of Association
- D. Memorandum of Association

ANS A

24. A document which gives company's relationship with outside world is called:

- A. Articles of Association
- B. Memorandum of association
- C. Prospectus
- D. Statement in lieu of Prospectus

ANS B

25. A share of a public company is:
- A. Non-refundable
 - B. Non-transferable
 - C. Transferable
 - D. Not allottable

ANS C

26. Share premium money can be used for:
- A. Payment of dividend
 - B. Writing off Goodwill
 - C. Issue of fully paid bonus shares

ANS C

27. Discount allowed on reissue of forfeited shares is debited to:
- A. Discount on issue of shares account
 - B. Forfeited Shares account
 - C. Profit & Loss Account
 - D. Suspense Account

ANS B

28. The balance of the forfeited shares account after reissue of forfeited shares account is transferred to:
- A. Capital Reserve Account
 - B. Share Capital Account
 - C. Profit and Loss Account
 - D. Suspense Account

ANS A

29. If a share of Rs.10, on which Rs. 6 has been paid, is forfeited, it can be reissued at the minimum price of:
- A. Rs. 6 per share
 - B. Rs. 4 per share
 - C. Rs. 10 per share
 - D. Rs. 16 per share

ANS B

30. A situation where accompany receives application for a greater number of shares than offered to the public for s7ubscription is termed as:
- A. Undersubscription
 - B. Oversubscription
 - C. Normal Subscription

ANS B

31. A company is a person created by
- A. Human beings
 - B. All mighty god

- C. British Government
- D. Law

ANS D

32. Transferability of share is permitted by:

- A. All companies
- B. Only private companies
- C. All public companies
- D. Only Government companies

ANS C

33. Share Application account is a

- A. Real Account
- B. Nominal Account
- C. Mixed Account
- D. Personal Account

ANS D

34. A company can issue sweat-equity shares to:

- A. The directors of the company only
- B. The employees of the company only
- C. The directors and the employees of the company
- D. The bankers and creditors of the company

ANS C

35. As per Articles of Association of the Companies Act 2013, a company has to pay interest on calls in advance at the rate of:

- A. 5%
- B. 10%
- C. 20%
- D. 12%

ANS D

36. Debenture is a part of:

- A. Owner's capital
- B. Loan capital
- C. Reserves capital
- D. Capital reserve

ANS B

37. Interest on Debenture is:

- A. An appropriation of profit
- B. A charge against the profit
- C. A charge against capital reserve
- D. A part of revaluation reserve

ANS B

38. Debenture is treated in books of account as:
- A. Personal account
 - B. Nominal account
 - C. Real account
 - D. None of the above
- ANS A
39. Shareholder's funds include:
- A. Equity share capital and General Reserve
 - B. Preference share capital and capital reserve
 - C. Share capital and capital reserve
 - D. Share capital and reserve and surplus
- ANS D
40. Short term provisions in the Balance Sheet include:
- A. Provision for income tax
 - B. Provision for dividend
 - C. Provision for corporate dividend tax
 - D. All the above
- ANS D
41. The amount of capital that a company can issue at par value is called:
- A. Authorized capital
 - B. Share premium
 - C. Issued capital
 - D. Fixed capital
- ANS: A
42. Cash loaned to a company is called:
- A. Dividends
 - B. Debentures
 - C. Shares
 - D. Reserves
- ANS: B
43. The appropriation account is also called:
- A. Statement of changes in owner's equity
 - B. Balance sheet
 - C. Cash Flow statement
 - D. Trading and Profit and Loss account
- ANS: A
44. A company is allowed by law to sell 200 000 shares at Rs.2.00 each. Three-quarters (3/4) of these shares were bought by the public. What is the issued share capital?
- A. Rs. 100 000
 - B. Rs. 300 000
 - C. Rs. 400 000

D. Rs. 500 000

ANS: B

45. The share of profit a shareholder will receive is called:

A. Dividend

B. Surplus

C. Net profit

D. Retained profit

ANS: A

46. Share allotment account is a -----

A. Personal Account

B. Real Account

C. Nominal Account

D. Impersonal Account

ANS: A

47. Premium received on issue of shares is shown on-----.

A. Asset side of the balance sheet

B. liability side of the balance sheet

C. credit side of the P&L a/c

D. debit side of the P & L a/c

ANS: B

48. Premium on issue of shares can be used for -----.

A. distribution of dividend

B. writing off capital losses

C. transferring to general reserve

D. paying fees to directors

ANS: B

49. Premium received on issue of shares cannot be utilized for -----.

A. for the issue of bonus shares

B. for writing of preliminary expenses

C. for providing premium payable on redemption

D. for distribution of dividend

ANS: D

50. When shares issued at premium which of the following account is credited?

A. Share premium account

B. Share first call account

C. Share allotment account

D. Share forfeited account

ANS: A

II SHORT ANSWER TYPE QUESTIONS:

1. What is a 'share'? Discuss their different classes.
2. Explain the condition under which redeemable preference shares can be redeemed.
3. State the purposes for which money received on account of share premium can be used.
4. When can the shares be forfeited? Can forfeited shares be issued at discount? If so, to what extent?
5. Where would you transfer the balance left in the shares forfeited account after such shares have been reissued?
6. Explain in brief the provisions of the Companies Act, 1956 regarding the issue of shares at a discount.
7. Explain the meaning of the following:
 - (a) Reserve Capital
 - (b) Redemption of Preference Shares
8. What is forfeiture of shares? What are the legal requirements necessarily followed by the board before forfeiture of shares?
9. What are the effects of the forfeiture? How can forfeiture shares be reissued?
10. Show journal entries for recording forfeiture and reissue of forfeited shares.
11. Share the legal provisions regarding utilization of securities premium.
12. Define call in advance.
13. What is buy back of shares?
14. What is a debenture?
15. What do you mean by redemption of debentures?
16. Explain debentures issued at discount.
17. What are convertible debentures?
18. Explain loss on issue of debentures.
19. What is a stock exchange?
20. What do you mean by SEBI?
21. How many stock exchanges are there?
22. Which is the oldest stock exchange?
23. Which is the largest stock exchange in terms of turnover or deals?
24. Define forfeiture of shares.
25. Differentiate between Authorized Capital and Issued Capital.
26. Explain briefly Call in advance.
27. What do you mean by Buy – Back of Shares?
28. Distinguish between Reserve Capital and Capital Reserve.
29. What are sweat Equity Shares?
30. Explain Redemption of Debentures.
31. What are the main provisions of the companies act regarding issue of shares at premium.
32. Give journal entries for the forfeiture and reissue of forfeited shares when originally issues at premium.
33. Write short note on calls in advance and calls in arrears.
34. What are the different types of debentures. Explain in brief.
35. What is the procedure for writing off Discount/Premium on Redemption on Issue of Debentures.

36. Vaibhav Ltd. issued 1,00,000 shares of L 10 each at per. The whole amount was payable with application. Pass the necessary journal entries in the books of company.
37. V Ltd. Issued 20,000 Equity shares of L 10 each at a premium of L 3 payable as follows:
On Application L 4
On Allotment L 5 (including Securities Premium Reserve)
On First Call L 2
On Final Call L 2
All shares were duly subscribed, and all money duly received. Pass necessary Journal Entries.
38. Atlas Co. Ltd. Purchased a machine from HMT Co. for Rs 64,000. It was decided to pay L 10,000 in cash and balance will be paid by issue of shares of L 10 each.
Pass journal entries shares (a) Issued at par (b) Issued at premium of 20%
39. A company issued 15,000 fully paid up equity shares of L 100 each for the purchases of the following assets and liabilities from Gupta Bros. Plant - L 3,50,000; Stock L 4,50,00; Land and Building L 6,00,000; Sundry Creditors L 1,00,000.
Pass necessary Journal entries.
40. A company purchased a running business from Mahesh for a sum of Rs.1,50,000 payable as Rs.1,20,000 in fully paid equity shares of Rs.10 each and balance in cash. The assets and liabilities consisted of the following
Plant and Machinery Rs.40,000; Stock Rs.50,000; Building Rs.40,000; Cash Rs.20,000
Sundry debtors Rs.30,000; Sundry creditors Rs.20,000

III LONG ANSWER TYPE QUESTIONS:

1. Differentiate between Surrender of Shares and Forfeiture of Shares.
2. A company offered for public subscription 10,000 shares of Rs. 10 each at Rs.11 per share. Money was payable as follows: -
Rs.3 on application
Rs.4 on allotment
Rs.4 on first and final call
Applications were received for 12,000 shares and the directors made Pro rata allotment. A, an applicant for 120 shares, could not pay the allotment and call monies. B, a holder of 200 shares, failed to pay the call. All these shares were later on forfeited. Out of the forfeited shares, 150 shares (the 'whole' of A's shares being included) were issued at Rs.9 per share. Pass journal entries for the above transactions.
3. A company offers 10,000 shares of Rs. 10 each to the public for subscription. The money is payable as follows:
Rs. 2 on Application, Rs. 3 on Allotment and Rs.5 on First and Final Call.
The company receives applications for 12,000 shares. Applicants for 9000 shares pay the application money in cash, while the rest pay that money through stock invests. The shares are allotted on the pro rata basis. All allottees pay the allotment and final call money on due dates. Pass the necessary journal entries.
4. A company offers 10,000 shares to the public. The amount payable is as follows:
On Application Rs. 3 per share, On Allotment Rs. 2 per share, on 1st Call Rs. 3 per share, On Final Call Rs. 2 per share
Applications are received for 15,000 shares. The directors make the allotment as follows:

- (i) No allotment to applicants for 3,000 shares
 - (ii) Rest allotted on a pro rata basis
- All calls were duly made and paid except: A, a holder of 100 shares paid the two calls with allotment
5. Differentiate between a Provision and a Reserve.
 6. Differentiate between Surrender of Shares and Forfeiture of Shares.
 7. Enumerate SEBI's guidelines of Bonus Issue
 8. What are different terms of Issue of Debentures
 9. Differentiate between Right Shares and Sweat Equity Shares.
 10. Explain Schedule-VI Part-I of the Companies Act.
 11. Consider the following data pertaining to Super Ltd. for the year 2013-2014:
 Provision for doubtful debts as on April 1, 2014 4,000
 Sundry debtors as on March 31, 2014 1,50,000
 Bad debts to be written off 10,000
 If a provision equal to 5% is to be created on by debtor's balances, compute the charge against profit and loss account for the year ended March 31, 2014.
 12. What is a Debenture? Explain different categories of Debentures.
 13. What is a Company? What are different characteristics of a company?
 14. What are different kinds of companies?
 15. Distinguish between Forfeiture and surrender of shares.
 16. Differentiate between Private and Public Limited Company.
 17. On 1 Jan 2007, Neha Ltd. Issued 2500 10% debentures of Rs. 100 each at Rs. 95. Holders of these debentures have an option to convert their holdings into 14% preference shares of Rs. 100 each at a premium of Rs. 25 per share at any time within three years.
 On 31st December 2007 holders of 500 debentures notified their intention to exercise the option. Show the journal entries in relation to the issue and conversion of debentures in the books of the company.
 18. Company issues 15% 1,000 debentures of Rs.100 each at 10% discount redeemable after a period of 5 years. According to the terms and conditions of issue these debentures were redeemable at a premium of 5%. The debenture holders had also the option at the time of redemption to get converted 20% of their holdings into equity shares of Rs. 10 each at a predetermined price of Rs. 20 per share and the balance in cash. Holders of debentures of Rs. 80,000 preferred to get their debentures redeemed in cash only while the rest opted for getting debentures converted into equity shares as per terms of issue. Pass the necessary journal entries.
 19. On 1 January 2005 a limited company issued 10,000 14% debentures of Rs. 10 each repayable after 3 years. It has been decided to establish a sinking fund for their redemption. The annuity table shows that the annuity of Re.1 for 3 years at 10% interest amounts to Rs. 3.3100. The investment yields 10% interest. The investment is to be made in nearest ten rupees. Prepare necessary accounts for 3 years.
 20. What are securities? Explain the process of issue of securities and listing of securities on Stock exchange.
 21. Explain SEBI. Enumerate the features of SEBI. How SEBI control stock exchanges?
 22. Explain how the concepts of forfeiture of shares, surrender of shares and right shares different?
 23. What is a Stock Exchange? What are the characteristics of Stock Exchange?

24. What are different stock exchanges? What are the different features of these stock exchanges?
25. What is a share? Discuss their different classes.
26. Explain the conditions under which redeemable preference shares can be redeemed.
27. State the purposes for which the money received on account of share premium can be used.
28. When can the shares be forfeited? Can forfeited shares be issued at discount? If so, to what extent?
29. Explain the conditions regarding utilization of Securities Premium.
30. Elaborate the statement "SEBI is watchdog of stock market."
31. Seaways Ltd. had Rs. 18,00,000, 14% debentures outstanding on 1st April 2001, redeemable on 31st March 2002. On 1st April 2001, the debenture redemption fund stood at Rs. 14,98,000 represented by own debentures of the face value of Rs. 2,00,000 purchased at an average price of Rs. 99 per debenture and 10% stock acquired at par for Rs. 13,00,000. The annual installment of transfer to the fund was Rs. 1,42,000. On 31st March 2002, investments were sold for Rs. 12,93,600 and the debentures were redeemed. Show 14% debentures account, debentures redemption fund account and debentures redemption fund investments account for the year ended 31st March 2002.
32. Sudarshan Ltd. invited applications for 1,00,000 equity shares of Rs.10 each. The shares were issued at a premium of Rs.5 per share. The amount was payable as follows: On Application and allotment Rs.8 per share (including premium Rs.3) Balance including premium on the first and final call.
Applications for 1,50,000 shares were received. Applications for 10,000 shares were rejected and pro rata allotment was made to the remaining applicants on the following basis:
(1) Applicants for 80,000 shares were allotted 60,000 shares; and
(2) Applicants for 60,000 shares were allotted 40,000 shares.
X, who belonged to the first category and was allotted 300 shares, failed to pay the first call money. Y, who belonged to the second category and was allotted 200 shares also failed to pay the first call money. These shares were forfeited. the forfeited shares were reissued @ Rs.12 per share fully paid-up. Pass the necessary journal entries and prepare Cash Book.
33. What are the various methods of redemption of debentures? Describe their characteristics and explain their effects on accounts of a company.
34. Gupta Ltd. issued 10,000 shares of Rs. 10 each at a discount of Rs. 1 per share (to be adjusted on allotment) payable as follows:
Rs. 2.50 on application
Rs. 4.00 on allotment
Rs. 2.50 on 1st call
Subscription list was closed on 1.4.1996 by which date applications for 23,000 shares were received. Allotment was made as follows:
List 1 Applicants for 2,000 shares were allotted in full.
List 2 Applicants for 6,000 shares were allotted 3,000 shares on pro-rata basis.
List 3 Applicants for 15,000 shares were allotted 5,000 shares on pro-rata basis.
Excess money received on application was utilized towards allotment and call.

All the shareholders paid the amounts due to allotment and call except A (who was allotted 300 shares under list 2) and B (who was allotted 500 shares under list 3). Both of these shareholders paid only the application money.

Their shares were duly forfeited and were re-issued at Rs. 8 per share fully paid.

Pass the necessary journal entries and prepare the Balance Sheet.

35. X Ltd. makes an issue of 20,000 Equity Shares of Rs.10 each at Rs. 11 on 1st March payable as follows:
Rs. 2 on Application, Rs. 3 on allotment, Rs. 6 on First and Final Call (3 months after allotment)
Applications were received for 26,000 shares. The Directors made the allotment in full to the Application demanding 10 or more shares and returned money to the applicants for 6,000 shares. One shareholder who was allotted 40 shares paid the first and final call money along-with allotment money and another shareholder who was allotted 60 shares did not pay allotment interest money but paid along-with first and final call money. The Directors decided to change and allow interest, as the case may be, on calls in -advance and calls-in-arrears.
36. Pass necessary journal entries for the following transactions in the Books of Rajan Ltd.
Rajan Ltd. purchased machinery of L 7,20,000 from Kundan Ltd. The payment was made to Kundan Ltd. by issue of equity shares of L100 each at 20% Premium. Rajan Ltd. purchased a running business from Vikas Ltd. for a sum of L2,50,000 payable as L2,20,000 in fully paid equity shares of L10 each and balance by a bank draft.
The assets and liabilities consisted of the following:
Plant & Machinery L 90,000, Buildings Rs.90,000, Sundry Debtors Rs. 30,000
Stock Rs.50,000, Cash Rs.20,000, Sundry Creditors Rs.20,000
37. ABC Limited issued Rs 10,000, 12% debentures of Rs 100 each payable Rs 30 on application and remaining amount on allotment. The public applied for 9,000 debentures which were fully allotted, and all the relevant allotment money was duly received. Give journal entries in the books of ABC Ltd. and exhibit the relevant information in the balance sheet.
38. TV Components Ltd., issued 10,000, 12% debentures of Rs 100 each at a discount of 5% payable as follows: On application Rs 40 On allotment Rs 55 Show the journal entries including those for cash, assuming that all the instalments were duly collected. Also show the relevant portion of the balance.
39. XYZ Industries Ltd., issued 2,000, 10% debentures of Rs 100 each, at a premium of Rs 10 per debenture payable as follows: On application Rs 50 On allotment Rs 60
Accountancy: Company Accounts and Analysis of Financial Statements The debentures were fully subscribed, and all money was duly received. Record the journal entries in the books of a company. Show how the amounts will appear in the balance sheet.
40. Suvidha Ltd. purchased machinery worth Rs 1,98,000 from Suppliers Ltd. The payment was made by issue of 12% debentures of Rs 100 each. Pass the necessary journal entries for the purchase of machinery and issue of debentures when: (i) Debentures are issued at par; (ii) Debentures are issued at 10% discount; and (iii) Debentures are issued at 10% premium

QUESTION BANK

**MICRO
ECONOMICS**

BCOM 105

QUESTION BANK
MICRO ECONOMICS – BCOM 105
BCOM I

UNIT - I

I MULTIPLE CHOICE QUESTIONS:

- 1 All economic questions arise because we
A. Want more than we can get.
B. Want more than we need.
C. Have an abundance of resources.
D. Have limited wants that need to be satisfied.
ANS A.
- 2 Economic profit is the difference between total revenue and
A. Interest costs of production.
B. Opportunity costs of production.
C. Implicit costs of production.
D. Explicit costs of production.
ANS B.
- 3 Scarcity is
A. Our inability to satisfy all our wants
B. A situation that exists during economic recessions but not during economic booms
C. When a child wants a \$1.00 can of soda and two 50¢ packs of gum and has \$2.00
 in her pocket.
D. An economic problem only for poor people
ANS A.
- 4 Economics is best defined as
A. How people make money and profits in the stock market.
B. Making choices from an unlimited supply of goods and services.
C. Making choices with unlimited wants but facing a scarcity of resources.
D. Controlling a budget for a household.
ANS C.
- 5 Economics is
A. A physical science
B. The study of scarcity and choices
C. The study of normative questions
D. The easiest course at your university.
ANS B.

- 6 The study of the choices made by individuals is part of the definition of
A. Microeconomics.
B. Positive economics.
C. Macroeconomics.
D. Normative economics.
ANS A.
- 7 The first big economic questions concerns all of the following except
A. What goods and services are produced?
B. How are goods and services produced?
C. For whom are goods and services produced?
D. What determines the standard of living?
ANS D.
- 8 In Baumol's theory of the firm, the firms are:
A. Solely motivated to increase sales revenue
B. Solely motivated to increase the market share
C. Aiming at maximizing sales subject to minimum acceptable profit.
ANS C.
- 9 According to profit maximization theory of the firm, management
A. Decides output level which maximizes revenue
B. Output level which minimizes cost
C. Output level which maximizes difference between the two
ANS C.
- 10 According to O. Williamson's theory of the firm, the firm:
A. Reports its actual total profits
B. Reports actual profits net of perks
C. Reports actual profits net of perks and staff expenditure
ANS C.
- 11 Indifference curves that are convex to the origin reflect:
A. An increasing marginal rate of substitution
B. A decreasing marginal rate of substitution
C. A constant marginal rate of substitution
D. A marginal rate of substitution that first decreases, then increases
ANS B.
- 12 The need for study for economics arises because
A. The resources are scarce
B. The resources have alternative uses
C. Human wants are unlimited
D. Wants are of varying degree of importance
E. All of the above
ANS E.

- 13 All the economies in the world today are
- A. Market economies
 - B. Command economies
 - C. Mixed economies
 - D. Socialist economies
 - E. Traditional economies
- ANS C.
14. The production possibility curve illustrates the basic principle that
- A. an economy will automatically seek that level of output at which all of its resources are employed
 - B. An economy's capacity to produce increases in proportion to its population size
 - C. If all resources of an economy are in use, more of one good can be produced only if less of another good is produced
 - D. If all resources of an economy are in use, more of one good can be produced only if more of another good is produced
 - E. An economy's capacity to produce increases in proportion to its senior citizen population size.
- ANS C.
- 15 Assume that Kelly's various possible activities are mutually exclusive. The opportunity cost from choosing one activity equals the
- A. Summed value of all her alternative activities.
 - B. Summed value of all her alternative activities minus the value of the chosen activity.
 - C. Value of the next most valuable alternative activity.
 - D. Value of the next most valuable alternative activity minus the value of the chosen activity.
 - E. Summed value of all her alternative activities minus the value of the next most valuable alternative activity.
- ANS C.
- 16 Along a society's production possibilities frontier,
- A. The level of technology is changing
 - B. More of one good can be produced without giving up some of the other good
 - C. Resources are not being fully utilized
 - D. Available resources are being used efficiently
 - E. There is productive inefficiency in the economy
- ANS D.
17. Short run, refers to a period
- A. of 1 year
 - B. of less than 1 year
 - C. of less than 3 years
 - D. of less than 3 months
 - E. when at least one input is fixed
- ANS D.

- 18 The budget line of a given consumer shifted outward. This means
- A. The IC tangent to a new budget line lies everywhere above the previous IC
 - B. The consumer's real income has increased
 - C. A consumer is better off
 - D. All of the above
- ANS D.
- 19 The production possibility curve exhibits increasing marginal opportunity cost at all points
- A. Always
 - B. Never
 - C. Sometimes
 - D. Occasional
- ANS A.
- 20 Time value of money indicates that
- A. A unit of money obtained today is worth more than a unit of money obtained in future
 - B. A unit of money obtained today is worth less than a unit of money obtained in future
 - C. There is no difference in the value of money obtained today and tomorrow
 - D. None of the above
- ANS A.
- 21 Relationship between annual nominal rate of interest and annual effective rate of interest, if frequency of compounding is greater than one:
- A. Effective rate $>$ Nominal rate
 - B. Effective rate $<$ Nominal rate
 - C. Effective rate = Nominal rate
 - D. None of the above
- ANS B.
- 22 The cost of next best alternative foregone is:
- A. Opportunity Cost
 - B. Marginal Cost
 - C. Total Cost
- ANS A.
- 23 "Earlier one receives the better it is", it defines:
- A. Opportunity Cost
 - B. Sunk Cost
 - C. Time Value of Money
- ANS C.
24. The change in total of any quantity due to a one-unit change in its determinant:
- A. Incremental
 - B. Marginal

C. Total
ANS B.

25. Determination of price and output is possible with the acquaintance of----- structures.

- A. Cost
- B. Market
- C. Profit

ANS B

26. The need for study for economics arises because

- A. The resources are scarce
- B. The resources have alternative uses
- C. Human wants are unlimited
- D. Wants are of varying degree of importance
- E. All of the above

ANS E

27. The budget line of a given consumer shifted outward. This means

- A. The indifference curve tangent to a new budget line lies every where above the previous indifference curve
- B. The consumer's real income has increased
- C. A consumer is better off
- D. All of the above
- E. None of the above

ANS D

28. Any two points on a given indifference curve represent.

- A. Two ways of consuming the same amount of each good contained in the consumption basket.
- B. Combinations of goods a consumer can purchase which give him the same total amount of utility
- C. The optimal points of consumption
- D. The consumer's lack of preference among the goods he purchases
- E. Violation of non-satiety condition

ANS B

29. A consumer cannot go beyond the price line, because

- A. He has no sufficient income
- B. He has no taste for other combination of commodities
- C. He is restricted to certain custom of the society
- D. He has no information about the availability of other combinations
- E. The price of the commodity decreases.

ANS A

30. Production possibility curves are concave (bowed outward) because
- A. Opportunity costs are always positive.
 - B. Resources are not equally well suited to the production of all goods and services.
 - C. The problem of scarcity is ever-present.
 - D. Producing more of one good always entails producing less of another.
- ANS D
31. To move to a point above PPC the economy should
- A. Raise Wage
 - B. engage in research and development
 - C. Increase efficiency
- ANS C
32. The production possibilities frontier is
- A. Downward sloping and reflects tradeoffs in choices.
 - B. Downward sloping and reflects unlimited choices.
 - C. Upward sloping and reflects tradeoffs in choices.
 - D. Upward sloping and reflects unlimited choices.
- ANS A
33. A production possibilities frontier does NOT illustrate
- A. Attainable and unattainable points.
 - B. The exchange of one good or service for another.
 - C. The limits on production imposed by our limited resources and technology.
 - D. Opportunity cost.
- ANS A
34. Any production point outside the production possibilities frontier
- A. is attainable only if prices fall.
 - B. is associated with unused resources.
 - C. is attainable only if prices rise.
 - D. is unattainable.
- ANS B
35. Which of the following statements regarding the production possibilities frontier is true?
- A. Points on the frontier are less efficient than points inside the frontier.
 - B. Points inside the frontier are attainable.
 - C. Points outside the frontier are attainable.
 - D. None of the above because all of the above statements are false.
- ANS B
36. Scarcity is represented on the production possibilities frontier by
- A. The fact that there are only two goods in the diagram.
 - B. Technological progress.
 - C. The amount of the good on the horizontal axis forgone.
 - D. The fact there are attainable and unattainable points.
- ANS A

- 37 A point inside a production possibilities frontier
 A. Could indicate that resources are misallocated.
 B. implies that too much labor and not enough capital is being used.
 C. is more efficient than a point on the production possibilities frontier.
 D. reflects the fact that more technology needs to be developed to fully employ all resources
 ANS A
- 38 Managerial Economics applies the theories of ----- to resolve the issues of the organization in decision making.
 A. Micro Economics
 B. Macro Economics
 C. Development Economics
 ANS A
- 39 Microeconomics deals with ----- equilibrium analysis which is useful for the manager in deciding equilibrium for his organization.
 A. Cost
 B. Market
 C. Partial
 ANS C
- 40 If a firm succeeds in setting a higher-----, more firms would be attracted enter the market.
 A. Cost
 B. Profit
 C. Price
 ANS C

II SHORT ANSS TYPE QUESTIONS:

- 1 What is micro economics?
- 2 What is the difference between business economics and micro economics?
- 4 Differentiate between normative and positive approach.
- 5 Write short note on
 - A. Opportunity cost
 - B. Risk and uncertainty
 - C. Equi- marginal rule
- 6 Briefly explain the incremental cost concept.
- 7 Limitation of managerial economics
- 8 How are the two, operation research and managerial economics related.
- 9 Write a short note on scope of managerial economics
- 10 What do you mean by contribution analysis?
- 11 M C Curve is a competitive firm's supply curve. Explain.
- 12 Macro economics is useful in business decision making. Discuss.

- 13 “Managerial economics is applied microeconomics”. Elucidate.
- 14 What is micro economics? In what way is microeconomics applicable to business decision – making.
- 15 Define the concept of opportunity cost. What are its implications in business decisions?
- 16 What is an indifference curve? What are the properties of indifference curves? What role does it play in consumer analysis?
- 17 Is managerial economics prescriptive in nature?
- 18 Explain how Managerial economics is different from Micro Economics.
- 20 Write short notes on Incremental concept.
- 21 What do you mean by the term monotonic preference?
- 22 What do you mean by budget line? What are the reasons of change in budget line?
- 23 Explain the relationship between total utility and marginal utility with the help of schedule.
- 24 State the factors of rightward shift of demand curve. Explain any one
- 25 With the help of numerical example measure price elasticity of demand in the following conditions by total expenditure method:
- (i) Demand falls when price is constant.
- (ii) Price falls while demand is constant.
- 26 What do you mean by contribution analysis?
- 27 Define the concept of opportunity cost. What are its implications in business decisions?
- 28 Write short notes on Incremental concept.
- 29 Explain the concept of opportunity costs in regard to making economic decisions.
- 30 What are the market forces? Explain in brief.
- 31 Why production possibility curve is concave to the origin?
- 32 Under what conditions would PPC be convex and linear to the point of origin?
- 33 How do marginal and incremental principles influence decision making?
- 34 Derive the demand curve from the law of equi marginal utility curve.
- 35 Point out the limitations of indifference curve analysis.

III LONG ANSWER TYPE QUESTIONS:

- 1 Critically evaluate how far the statement given below is a correct description of the subject-matter of managerial economics:
“The objective of managerial economics is to provide framework for analyzing business decisions. Instead of presenting detailed list of rules for specific decision making...managerial economics addresses the larger economic forces that shape day to day decision making.”
- 2 Managerial economics attempts to integrate economic theory with business practice for facilitating decision-making and forward planning by management. Explain and Comment.
- 3 “Managerial economics is prescriptive rather than descriptive in character.” Discuss.
- 4 “Managerial economics is predominantly micro economic theory.” Discuss and point out the contribution of statistics to managerial economics.

- 5 What do you understand by opportunity cost? Give suitable examples to illustrate the use of this concept in the context of managerial decisions relating to (a) production, B. finance, and (c) marketing. Can opportunity costs ever be zero?
- 6 Distinguish between incremental concept and marginal concept? What is the role of marginal analysis in managerial economics? When can the decision by an entrepreneur be considered valid according to incremental principle?
- 7 Show that the principle of 'Equi-marginalism' is an extension of the condition of equilibrium of a consumer.
- 8 "Among the multiplicity of objectives that a modern firm has profit maximization continues to be the most important." Comment.
- 9 "In normal and formal economic theory, we often assume profit maximization. In reality, the firms do not maximize profit; in fact, they cannot". Comment
- 10 Write a short essay on Adam Smith's contribution to economics
- 11 Write a short essay on the principle of comparative advantage
- 12 Why do firms continue to operate when they are making losses?
- 13 Explain the functions and responsibilities of a managerial economist. How can he best serve the management?
- 14 What role does the managerial economist play in Managerial decision-making?
- 15 Explain the various decision areas of managerial economics.
- 16 How does the study of managerial economics help a business manager in decision-making? Explain your Answer with the help of suitable examples.
- 17 Compare the features of the model given by Williamson with that given by Marris for managerial objectives.
- 18 How do the following two managerial theories of a firm compare with the traditional profit maximizing theory of a firm:
(i) Baumol's sales maximization hypothesis,
(ii) Marris's balanced rate of growth theory of the firm.
- 19 What is meant by model building? How can it be helpful in analysis of managerial economic problems? Also discuss the various types of model used in managerial economics?
- 20 "Managerial economics bridges the gap between abstract theory & business practice. It uses tools of economics analysis in classifying problem, in organizing & evaluating information and in comparing alternative courses of action." Outline the nature & scope of managerial economics in the light of this statement.
- 21 While economics is the main subject under managerial economics which other discipline are useful in the study of managerial economics. Explain the relationship of managerial economics with other discipline
- 22 Using the tools of indifference analysis and appropriate diagrams, how will a consumer respond to a fall in the price of a normal good? Would the outcome differ if we considered an inferior good?
- 23 "While Economics is the main subject studied under managerial economics, which other disciplines are useful in the study of managerial economics." Explain the relationship of managerial economics with other disciplines.
- 24 Managerial economics integrates economic theory and business practice to facilitate decision making by business firms." Explain.

- 25 “Managerial economics bridges the gap between economic theory and business practice.” Explain with example.
- 26 Critically evaluate how far the statement given below is a correct description of the subject-matter of managerial economics: “The objective of managerial economics is to provide framework for analyzing business decisions. Instead of presenting detailed list of rules for specific decision making...managerial economics addresses the larger economic forces that shape day to day decision making.”
- 27 “Managerial economics is prescriptive rather than descriptive in character.” Discuss.
- 28 Distinguish between incremental concept and marginal concept? What is the role of marginal analysis in managerial economics? When can the decision by an entrepreneur be considered valid according to incremental principle?
- 29 Outline the nature & scope of managerial economics in detail.
- 30 Compare Cardinal and Ordinal Approaches to consumer behavior. Which of the two approaches enables us to bifurcate price effect and how?
- 31 The owner of a small retail store does her own accounting work. How would you measure the opportunity cost of her work?
- 32 Managerial Economics uses micro economic concepts and quantitative methods to solve managerial problems. Explain illustratively.
- 33 Identify the most important determinants of demand function that a firm faces for the commodity it sells.
- 34 Explain the nature and scope of Micro Economics in the context of business decisions.
- 35 Explain the law of Demand? What are the causes of its operation? Explain its exceptions.

UNIT - II

I MULTIPLE CHOICE QUESTIONS:

- 1 In general, the law of demand asserts that a negative relationship exists between
- Only the list price and the quantity demanded.
 - The total monetary and non-monetary price and the quantity demanded.
 - Only the final price paid and quantity demanded.
 - Only the non-monetary price and quantity demanded.
- ANS B.
- 2 Which one of the following pairs of products are best described as complements?
- Decaffeinated coffee and regular coffee
 - Laundry detergent liquid and laundry detergent powder
 - Cola and beer
 - Shoes and cars
 - Tennis racquets and tennis balls
- ANS E.
- 3 Consumer incomes increase. Which one of the following is most likely in the market for automobiles?
- Price rises, quantity falls.
 - Both price and quantity fall.

- C. Both price and quantity rise.
 - D. Price falls, quantity rises.
- ANS C.

- 4 For the law of demand, the assumption of ceteris paribus means that all variables are held constant except:
- A. Consumer tastes and preferences.
 - B. Consumer income.
 - C. Prices of related goods.
 - D. Own price and quantity demanded.
 - E. The number of consumers in the market.

ANS D.

- 5 The slope of the demand curve for butter shows that an increase in the price of butter leads to
- A. A decline in the amount of butter available
 - B. An increase in demand for margarine
 - C. An expected decline in the price of butter
 - D. A decline in the price of margarine

ANS B.

- 6 A consumer buys a bundle of two goods, A and B. MU/P for A is 40/1. The marginal utility of B is 20. The price of B must therefore be
- A. 5
 - B. 0.5
 - C. 2
 - D. None of the above

ANS B.

- 7 A consumer buys a bundle with two goods, X and Y. MU/P for X is 4, MU/P for Y is 3. What should the consumer do to optimize his decision with the same amount of money?
- A. Increase X
 - B. Increase Y
 - C. Increase Y and lower X
 - D. Increase X and lower Y

ANS D.

- 8 Assume the demand curve for compact discs slopes downwards, and the supply curve slopes upwards. If the price of CD players decreases, then:
- A. The equilibrium price of compact discs will fall
 - B. The equilibrium price of compact discs will rise
 - C. The equilibrium price of compact discs will stay the same
 - D. None of the above are correct

ANS B.

- 9 The value of price elasticity of demand:
A. Depends on the units that are used to measure quantities
B. Has the same value as the slope of the demand curve
C. Depends on the units that are used to measure prices
D. Does not depend on the units in which quantity and price are measured.
ANS D.
- 10 If a 5% increase in income leads to a 12% increase in the quantity demanded of mobile phones, ceteris paribus, the value of the income elasticity of demand for mobile phones is:
A. 2.4 and mobile phones are a normal good
B. 0.42 and mobile phones are a normal good
C. 2.4 and mobile phones are an inferior good
D. 0.42 and mobile phones are an inferior good
ANS A.
- 11 Test marketing results may not be correct because
A. Price elasticity for the product is high
B. The usual events during the test period are not under control
C. The test market chosen is not the representative of the market where the product is to be introduced.
ANS C.
- 12 If the increase in all factors leads to a less than proportionate increase in output, then the returns to scale are
A. Decreasing
B. Increasing
ANS A.
- 13 The law of constant returns to scale is depicted by the marginal output curve which is _____.
A. Upward sloping
B. Downward sloping
C. Horizontal
ANS C.
- 14 In the 3rd stage of operation of the law of variable proportions, the marginal product becomes _____.
A. Negative
B. Positive
C. Zero
ANS A.
15. If the price of gasoline goes up and Dan now buys fewer candy bars because he has to spend more on gas, this would best be explained by the
A. substitution effect

- B. income effect
- C. highly elastic demand for gasoline
- D. any of the above are possible explanations

ANS B.

16. Which of the following would increase the likelihood that consumers might purchase a product?
- A. Lower Product Price
 - B. Improved Quality
 - C. Successful advertising
 - D. All of the above are correct

ANS D.

17. Along any straight-line, negatively sloped demand curve,
- A. The price elasticity and slope vary.
 - B. The price elasticity varies, but the slope remains the same.
 - C. The slope varies, but the price elasticity remains the same.
 - D. The price elasticity and slope remain the same.
 - E. None of the above are necessarily true.

ANS B.

18. Price elasticity at a given price is not affected by
- A. The price of complements.
 - B. The price of substitutes.
 - C. The consumer's income.
 - D. A change in tastes.
 - E. A change in supply.

ANS E.

19. The arc elasticity formula is used to estimate elasticity when
- A. The product is thought to be inelastic.
 - B. The product is thought to be elastic.
 - C. The demand function is known.
 - D. There are two observations of price and quantity.
 - E. None of the above.

ANS D.

20. The price elasticity of demand is the same thing as the negative of the
- A. Slope.
 - B. Reciprocal of slope.
 - C. The first derivative of the demand function.
 - D. Reciprocal of slope times the ratio of price to quantity.
 - E. All of the above.

ANS D.

21. An elasticity coefficient of -1 means that
- A. The demand curve is perfectly inelastic.
 - B. The demand curve is perfectly elastic.
 - C. The relative changes in price and quantity are equal.
 - D. Expenditures on the good would increase if prices were reduced.
 - E. Expenditures on the good would decrease if prices
- ANS C.
22. Among all the combinations of goods attainable by a consumer, the one that maximizes total utility is the one that
- A. Maximizes the marginal utilities per dollar of each good.
 - B. Maximizes the marginal utilities per pound (or other physical unit) of each good.
 - C. Equates the marginal utilities per dollar of each good.
 - D. Equates the marginal utilities per pound (or other physical unit) of each good.
- ANS C
23. Cardinal utility theory assumes that consumers can
- A. Rank baskets of goods as to their preference.
 - B. Determine the number of utils that can be derived from consuming all goods.
 - C. Determine the marginal rate of substitution between goods.
 - D. Avoid the law of diminishing marginal utility.
 - E. All of the above.
- ANS B
24. The budget allocation rule states that
- A. The marginal utility of x equals the marginal utility of y at maximum utility.
 - B. The marginal utility of x divided by its price be equal to marginal utility of all other goods divided by their prices.
 - C. The marginal utility of x equals the marginal rate of substitution of x for y.
 - D. The ratio of prices of x to y be greater than the ratio of marginal utility of x to the marginal utility of y.
 - E. None of the above.
- ANS B
25. In spending all his or her income, the consumer chooses the market basket that maximizes his or her utility.
- Which of the following statements will be correct?
- 1. The marginal utility is the same for each commodity.
 - 2. The marginal utility per dollar spent is the same for each commodity.
 - 3. The marginal utility of each commodity is proportional to its price.
- A. 1 only.
 - B. 2 only.
 - C. 1 and 2 only.
 - D. 2 and 3 only.
 - E. 1, 2, and 3
- ANS D

26. The term "market" refers to
- A. Trading arrangements that have been approved by the government.
 - B. Locations where buyers and sellers physically meet.
 - C. Any arrangement that enables buyers and sellers to get information and trade with One another.
 - D. Physical structures only.
- ANS C.
27. At saturation point, the consumer's marginal utility is
- A. Maximum
 - B. Minimum
 - C. Positive
 - D. Negative
 - E. Zero
- ANS E.
28. Indifference curves that are convex to the origin reflect:
- A. An increasing marginal rate of substitution
 - B. A decreasing marginal rate of substitution
 - C. A constant marginal rate of substitution
 - D. A marginal rate of substitution that first decreases, then increases
- ANS B
29. Which of the following is right statement out of the following?
- A. Demand is inelastic if $e = 0$ or < 1 – quantity is relatively unresponsive
 - B. Demand is elastic if $e > 1$ -- quantity is relatively responsive
 - C. Demand has unitary elasticity if $e = 1$
 - D. All above
- ANS D
30. 'Utility' is expressed as
- A. The power of commodity to satisfy wants
 - B. The quality of the commodity.
 - C. The quantity of a commodity
 - D. The desire for a commodity
- ANS A.
31. A curve drawn indicating the slope of the total utility curve closely resembles the
- A. Demand curve
 - B. Supply curve
 - C. Average utility curve
 - D. Marginal revenue curve
- ANS A.

32. Upward shift in the demand curve is due to -----in the price of the commodity
- Increase
 - Decrease
 - No change
 - Other factors
- ANS D.
33. Why is water, which is so essential for life is so cheap, while diamond, which is not so essential to life, so expensive
- TU received from water is much less than TU received from diamonds
 - Diamond is necessity for rich people
 - Water is an inferior good
 - MU from last unit of water is very low as compared to that of diamond
 - None of the above
- ANS C.
34. MRS_{XY} measures –
- The amount of Y, a consumer is willing to give up to obtain one additional unit of X. Such that he is on the same level of satisfaction
 - The amount of X, a consumer is willing to give up to obtain one additional unit of Y. such that he is on the same level of satisfaction
 - Slope of the indifference curve
 - Both (a) and (c) above
 - Both (b) and (c) above
- ANS A.
35. Suppose the marginal utility to Nagesh of product A is derived by the function, $MUA = 10 - X$, where X is the number of units of A produced. For B, $MUB = 21 - 2y$ where Y is the number of units B produced. Assume that price of A = price of B = RS. 1. How much A and B would Nagesh buy if he had Rs. 7 to spend.
- A one unit and B 6units.
 - A 6 units and B one unit.
 - A ten units and B one unit.
 - A three units and B three units
 - A 10 units and b 21 units
- ANS B.
36. The difference between the total utility derived from the consumption of a certain amount of a given good and the amount of money actually paid for it is called
- Marginal utility
 - Average utility
 - Consumer surplus
 - Producer surplus
 - Opportunity cost
- ANS C.

37. If the consumer is to maximize the utility it is necessary and sufficient that
- That the bundle of goods he purchases is somewhere on the budget constraint
 - That he purchases as many goods as possible
 - That marginal utilities of all the consumed goods per Rs.1 of income are equal to each other
 - That no inferior goods are purchased
 - None of the above
- ANS C.
38. For a consumer in equilibrium, Marginal Rate of Substitution of X for Y (MRS_{xy}) is 3. If price of the good X (P_x) is Rs.75, price of good Y (P_y) is
- Rs. 15
 - Rs. 25
 - Rs.75
 - Rs.125
 - Rs.150
- ANS B.
39. If you measure right shoe on the X axis and the left shoe on the Y axis, the shape of the indifference curve will be
- L – shaped
 - U shaped
 - Convex
 - Concave
 - Straight line downward sloping
- ANS A
40. The budget line of a given consumer shifted outward. This means
- The consumer's real income has increased
 - A consumer is better off
 - All of the above
 - None of the above
- ANS C

II SHORT ANSWER TYPE QUESTIONS:

- What is the 'diamond-water' paradox?
- Explain Income consumption curve.
- Distinguish between inferior goods and Giffen good case.
- Define marginal rate of substitution.
- Differentiate short-run demand and long-run demand.
- Distinguish between Durable goods' demand and Non-durable goods demand.
- What is meant by derived demand?
- Why demand curve slopes downward to the right. Explain.
- What do you understand by elasticity of demand?
- Elasticity of demand is important to decision making by business firms. Elucidate.

- 11 Explain diffusion indices.
- 12 Isoquants are convex to the origin. Elaborate.
- 13 Explain Delphi method of forecasting.
- 14 What is the purpose of demand forecasting? Describe the uses and limitations of trend methods of forecasting demand.
- 15 Define and distinguish between:
 - (a) Arc elasticity and point elasticity
 - (b) Price elasticity and cross – elasticity
 - (c) Income elasticity and price elasticity
- 16 What are economies of scope?
- 17 Define production function.
- 18 State the law of returns to variable factor.
- 19 State with example the law of diminishing returns.
- 20 Distinguish between Returns to scale and returns to a factor
- 21 Distinguish between Internal and external economies
- 22 Distinguish between Diminishing returns to a variable factor and diminishing returns to scale.
- 23 Write short note on Total product, marginal product and average product.
- 24 Write short note on concept of productivity.
- 25 Explain how the elasticity of demand varies from infinity at the price axis to zero at the quantity axis.
- 26 Explain the relationship between price and cross elasticity of demand.
- 27 Define marginal rate of substitution.
- 28 Differentiate between a shift in demand curve and a movement along the demand curve.
- 29 Explain cardinal and ordinal approaches of utility measurement for deriving consumer's equilibrium.
- 30 How is indifference curve different from indifference map?
- 31 Comment on the statement "Price elasticity of demand is generally negative."
- 32 Differentiate between a shift in supply curve and a movement along the supply curve.
- 33 What is price effect? How does a change in the price of a commodity affect the equilibrium of the consumer?
- 34 Derive individual demand curve from indifference curve analysis.
- 35 What are the conditions of consumer's equilibrium according to utility analysis?.

II LONG ANSS TYPE / PRACTICAL QUESTIONS:

- 1 Explain the concept of utility. Illustrate graphically the relationship between the total utility, marginal utility and average utility.
- 2 State and explain the law of diminishing marginal utility. Bring out clearly the relationship between MU and price.
- 3 Distinguish between cardinal and ordinal measurement of utility.
- 4 What is a budget line? Discuss its properties and show that a budget line is tangent to one and only one indifference curve.
- 5 What is consumer equilibrium? Explain consumer's equilibrium with the help of indifference curve analysis?

- 6 What is price effect? How does a change in the price of a commodity affect the equilibrium of the consumer?
- 7 What is a Giffen Good? Derive the demand curve from the price consumption curve in case of a Giffen good.
- 8 Explain the substitution and income effects of price rise for an inferior good using indifference curve technique.
- 9 Explain Giffen paradox. Does it result from income effect or substitution effect or both? How does break up of price effect into income and substituent effect help in resolving this paradox?
- 10 What is a demand function? State and graphically explain the relationship between different determinants of demand and the quantity demanded.
- 11 State and explain the law of demand. State its assumptions and exceptions. Whether this law holds goods for inferior goods?
- 12 Why does demand curve slope downward from left to right? Under what circumstances, it will slope upward?
- 13 (a) When does a consumer buy a smaller quantity of the commodity at the same price?
(b) When does a consumer buy more commodities at a particular price?
- 14 Explain the relationship between price and cross elasticity of demand.
- 15 Define the concept of elasticity (price elasticity) of demand.
- 16 Explain different types of elasticity of demand with the help of diagrams. What signs do their coefficient have?
- 17 Explain the outlay method to determine price elasticity of demand.
- 18 Why would demand for natural gas be more 'inelastic in' short run than in the long run?
- 19 What is demand forecasting? Discuss the various steps involved in demand forecasting.
- 20 Explain the various methods of demand forecasting. Point out their merits and demerits.
- 21 State importance of price elasticity of demand to production managers, marketing managers, personnel managers & policy makers. Why do business firm charge higher price for goods with low demand elasticity?
- 22 What is the objective of demand forecasting? Explain the various methods of demand forecasting pointing out their merits & demerits.
- 23 State in brief the cardinal approach to the determination of consumer's equilibrium. Also derive demand curve from the consumer equilibrium.
- 24 What is demand forecasting? Evaluate any two survey methods and any two statistical methods of demand forecasting.
- 25 Distinguish between individual and market demand for a product. Market demand is the main concern of business managers. Why should business managers then study individual demand curve?
- 26 With the help of numerical example measure price elasticity of demand in the following conditions by total expenditure method:
- (i) Demand falls when price is constant.
 - (ii) Price falls while demand is constant.
- 27 What do you mean by budget line? What are the reasons of change in budget line?
- 28 Define and distinguish between:
- (a) Arc elasticity and point elasticity
 - (b) Price elasticity and cross – elasticity
 - (c) Income elasticity and price elasticity

29. With the help of diagrams, explain the effect of following changes on the demand of a commodity. (a) A fall in the income of its buyer. (b) A rise in price of complementary good. (c) change in fashion. (d) change in habits of consumers.
29. What is law of demand? Explain the determination of equilibrium price and quantity using the concept of demand and supply curves?
30. What changes will take place in total utility when – (a) Marginal utility curve remains above X-axis (b) Marginal utility curve touches X-axis (c) Marginal utility curve lies below X-axis.
31. The demand for electricity is not falling inspite of regular hike in the price of electricity. What will be the elasticity of demand for electricity. Explain giving suitable reason in support of your Answer?
32. Explain the importance of demand forecasting in business decision making. Also explain with the help of an example ‘fitting the straight line’ trend method of forecasting.
33. Agricultural commodities are known to have a price inelastic demand and are considered to be necessities. Use the information to explain why the income of farmers fall:
 A) after a good harvest
 B) in relation to the incomes from other sectors of economy
34. Compare Cardinal and Ordinal Approaches to consumer behavior. Which of the two approaches enables us to bifurcate price effect and how.
35. Explain Giffen paradox. Does it result from income effect or substitution effect or both? How does break up of price effect into income and substituent effect help in resolving this paradox?

UNIT – III

I MULTIPLE CHOICE QUESTIONS:

1. Reasons for increasing returns in Stage I of law of variable proportion is _____
 A. Indivisibility
 B. Specialization
 C. Both (a) and (b)
 D. None of the above
 ANS C.

2. _____ Economies views on reducing the Production costs
 A. Internal
 B. Inventory
 C. Pecuniary
 D. External

ANS: D

3. Which of the following are not related with factors of production (FOP)
 A. Land
 B. Capital

- C. Raw material
 - D. Labor
- ANS: C

4. When the output increases in the same proportion as the increase in input it is -----
Returns
- A. Constant
 - B. Average
 - C. Decreasing
 - D. Increasing
- ANS: A

5. Cobb Douglas production function mainly studies -----?
- A. Capital & labor
 - B. Labor & Entrepreneur
 - C. Land & Labor
 - D. Land & capital
- ANS: A

6. Marginal cost is defined as
- A. Total cost divided by output
 - B. Change in total cost due change in output
 - C. Change in output due to a one unit change in an input
 - D. Total product divided by the quantity of input
- ANS: B

7. The rate at which a firm can substitute capital for labor and hold output constant is the _____.
- A. marginal rate of production
 - B. law of diminishing marginal returns
 - C. marginal rate of factor substitution
 - D. isoquant.
- ANS: C

8. A graph showing all the combinations of capital and labor available for a given total cost is the _____.
- A. Isoquant
 - B. Budget constraint
 - C. Isocost line
 - D. Expenditure set
- ANS: A

9. The formula for average fixed costs is _____.
- A. TFC/Q
 - B. DQ/DFC .
 - C. Q/TFC .

D. $TFC * Q$

ANS: A

10. With a given supply curve, a decrease in demand causes
- A. An overall decrease in price but an increase in equilibrium quantity
 - B. An overall increase in price but a decrease in equilibrium quantity
 - C. An overall decrease in price and a decrease in equilibrium quantity
 - D. No change in overall price but a reduction in equilibrium quantity
 - E. An overall decrease in price and no change in equilibrium quantity
- ANS C

11. Mr. Reddy owner of coal mine, employees 20 miners who produce 20 tons of coal per week. He hires a new miner and production increases to 22 tons per week. He hires a second and production increases to 25 tons. Hoping to increase productivity to 29 tons per week, Mr. Reddy hires a third miner, but after a week production only increases to 27 tons. Thus, the law of _____ set in.
- A. Diminishing marginal utility
 - B. Increasing marginal utility
 - C. Diminishing returns
 - D. Increasing returns
 - E. Economies of scale
- ANS C

12. If the slope of the isoquant is positive, it must be the case that
- A. The firm is operating in the uneconomic region of production
 - B. The marginal product of both inputs is negative
 - C. The marginal product of one input is negative
 - D. The firm is not operating in the uneconomic region of production
 - E. Both (a) and (c) above
- ANS E

13. When an economy is operating maximum efficiency, the production of more of commodity A will entail the production of less of commodity B because:
- A. Of the law of increasing real costs
 - B. Material wants are insatiable
 - C. The structure of demand is fixed at any point in time
 - D. Resources are limited
 - E. Resources are specialized and only imperfectly shift able
- ANS D

14. A price that is said to be too high for equilibrium means that
- A. No producer can cover his cost of production at that price
 - B. Quantity supplied exceeds quantity demanded at that price
 - C. Producers are leaving the industry
 - D. Consumers are all willing to buy all the units produced at that price

E. Quantity demanded exceeds quantity supplied at that price
ANS D

15. If a change in all inputs leads to a proportional change in the output, it is a case of
- A. Increasing returns to scale
 - B. Constant returns to scale
 - C. Diminishing returns to scale
 - D. Variable returns to scale
 - E. Inefficient returns to scale
- ANS B

16. Average productivity of labor (AP_L) for a firm is 15 when labor employed is 100 units. When labor employed increased to 101 units, AP_L decreases to 14 units. Marginal productivity of 101th unit of labor is
- A. -1 unit
 - B. -100 units
 - C. 1 unit
 - D. 86 units
 - E. - 86 units
- ANS E

17. What does the law of diminishing returns state?
- A. Output falls over time
 - B. Total output falls as more units of the variable factor are added
 - C. The extra output from additional units of a variable factor will eventually fall
 - D. The profits of a business will eventually fall
- ANS A

18. The Production function of a manufacturing unit, using only labor (L) as inputs in the production process, is estimated to be $Q = 100 L^2 - L^3$. The labor input at which the firm can maximize average productivity of labor is
- A. 25.0 units
 - B. 37.5 units
 - C. 50.0 units
 - D. 62.5 units
 - E. 75.0 units
- ANS D

19. Isoquants are convex to the origin. This is possible because
- A. Money outlay of the entrepreneur is constant
 - B. Marginal rate of technical substitution between labor (L) and capital (K) is decreasing
 - C. It is not possible to have infinite number of combinations of two outputs
 - D. Both (a) and (b) above
 - E. (a), (b) and (c) above.
- ANS D

20. When a proportional change in input combination caused the same proportionate change in output, the returns to scale is said to exhibit
- A. Increasing returns
 - B. Decreasing returns
 - C. Constant returns
 - D. Negative returns
 - E. Law of variable proportion.

ANS C

21. The marginal rate of technical substitution is
- A. The rate at which a producer is able to exchange, without affecting the quantity of output produced, a little bit of one input for a little bit of another input.
 - B. The rate at which a producer is able to exchange, without affecting the total cost of inputs, a little bit of one input for a little bit of another input.
 - C. The rate at which a producer is able to exchange, without affecting the total inputs used, a little bit of one output for a little bit of another output.
 - D. A measure of the ease or difficulty with which a producer can substitute one technique of production for another.

ANS A

22. In the presence of a diminishing marginal rate of technical substitution between labor and capital, output can be kept unchanged only if
- A. Equal successive sacrifices of capital go hand in hand with ever smaller increases of labor.
 - B. Equal successive sacrifices of capital go hand in hand with ever smaller sacrifices of labor.
 - C. Equal successive increases in labor go hand in hand with ever smaller increases in capital.
 - D. Equal successive increases in labor go hand in hand with ever smaller sacrifices of capital.

ANS C

23. If the capital-labor ratio changes from 100 to 150, while the marginal rate of technical substitution between capital and labor changes from 50 to 100, the elasticity of input substitution
- A. Cannot be calculated.
 - B. Remains unchanged.
 - C. Equals 2.
 - D. Equals 0.5.

ANS E

24. If a simultaneous and equal percentage decrease in the use of all physical inputs leads to a larger percentage decrease in physical output, a firm's production function is said to exhibit
- A. Decreasing returns to scale.

- B. Constant returns to scale.
- C. Increasing returns to scale.
- D. Diseconomies of scale.

ANS B

25. If a firm triples all inputs, and output triples as well, the firm is subject to

- A. Constant returns to scale.
- B. Increasing returns to scale.
- C. Economies of scale.
- D. Both (b) and (c).

ANS A

26. For a given short-run production function,

- A. Technology is assumed to change as capital stock changes.
- B. Technology is assumed to change as the labor input changes.
- C. Technology is considered to be constant for a given production function relationship.
- D. Technology is assumed to change positively until diminishing returns set in and then it changes in the other direction.

ANS D

27. Which is a true statement?

- A. Decreasing returns to scale and diminishing returns to production are two ways of stating the same thing.
- B. Increasing returns to scale is a short-run concept, and diminishing returns to production is a long-run concept.
- C. Constant returns to scale are a short-run concept, and decreasing returns to scale is a long-run concept.
- D. All the above are true.
- E. None of the above is true.

ANS E

28. An isocost line identifies

- A. the least costly combination of inputs needed to produce a given level of output.
- B. the relative prices of inputs.
- C. the technological relationships among inputs.
- D. the rate at which one input can be substituted for another in the production process.

ANS B

29. The expansion path identifies

- A. the least costly combination of inputs required to produce various levels of output.
- B. the firm's demand curves for the inputs.
- C. the various combinations of inputs that can be used to produce a given level of output.
- D. the least-cost combination of outputs.

ANS A

30. A tangency point between an isoquant and an isocost line identifies
- A. the least costly combination of inputs required to produce various levels of outputs.
 - B. the various levels of output that can be produced using a given level of inputs.
 - C. the various combinations of inputs that can be used to produce a given level of output.
 - D. the least costly combination of inputs required to produce a given level of output.

ANS D

31. A society that is producing on its production possibilities frontier is
- A. Fully utilizing all of its productive resources.
 - B. Not being technologically efficient.
 - C. Not utilizing all of its resources.
 - D. Producing too much output.

ANS A

32. In the 3rd stage of operation of the law of variable proportions, the marginal product becomes _____.

- A. Negative
- B. Positive
- C. Zero

ANS C

33. When $AP = MP$

- A. AP is minimum
- B. AP is maximum
- C. MP is minimum
- D. MP is maximum
- E. TP is maximum

ANS B

34. When TP is maximum

- A. AP is zero
- B. MP is maximum
- C. MP is zero
- D. AP is minimum
- E. None of the above

ANS A

35. Production in short run should take place in stage

- A. I
- B. II
- C. III
- D. IV
- E. None of the above

ANS B

36. As a firm moves down an isoquant, the MRTSLK
- A. Increases
 - B. Decreases
 - C. Remains constant
 - D. At first increases and then decreases
 - E. At first decreases and then increases

ANS B

37. The law of constant returns to scale is depicted by the marginal output curve which is _____.
- A. Upward sloping
 - B. Downward sloping
 - C. Horizontal
 - D. Vertical

ANS C.

38. If a country decreases current consumption to increase the amount of capital goods it produces today, then it
- A. Must not have private ownership of property and will have to follow planning authorities decisions today and in the future.
 - B. Must be producing along the production possibilities frontier today and will see a shift outward of the frontier in the future if produces more capital goods.
 - C. Must be using resources inefficiently today but will be more efficient in the future.
 - D. Must be producing outside the production possibilities frontier and will continue to do in the future.

ANS B

39. A tradeoff is
- A. A constraint that requires giving up one thing to get another.
 - B. Represented by a point outside a PPF.
 - C. A transaction at a price either above or below the equilibrium price.
 - D. Represented by a point inside a PPF.

ANS A

40. Suppose that the price of labor (P_L) is \$10 and the price of capital (P_K) is \$20. What is the equation of the Isocost line corresponding to a total cost of \$100?
- A. $P_L + 20P_K$
 - B. $100 = 10L + 20K$
 - C. $100 = 30(L+K)$
 - D. $100 + 30(P_L + P_K)$

ANS B

II SHORT ANSS TYPE QUESTIONS:

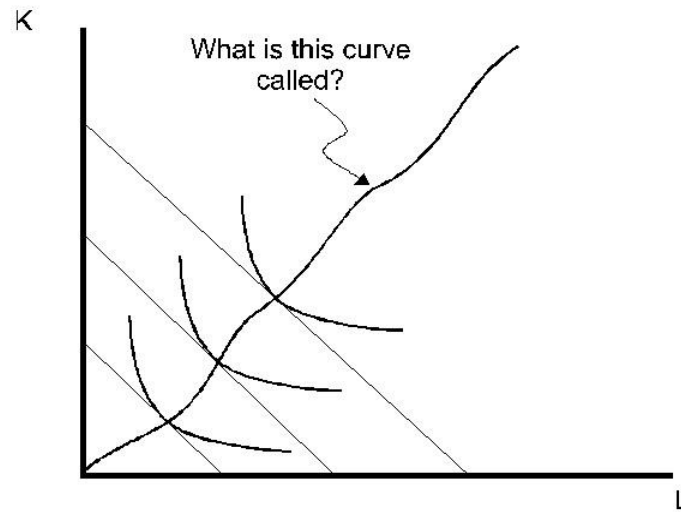
1. Explain the properties of isoquants. Discuss their role in reaching optimum combination of factors.
2. Explain the importance of Elasticity of demand in decision making by business firms.
3. Equilibrium of firm using Isocost and Isoquant curve
4. What is elasticity of demand? Discuss the relationship between price elasticity of demand and marginal revenue of firm?
5. Explain the term Breakeven point
6. Equilibrium of firm using Isocost and Isoquant curve
7. Suppose that the price of labor (P_L) is \$10 and the price of capital (P_K) is \$20. What is the equation of the isocost line corresponding to a total cost of \$100?
 - (a) $P_L + 20P_K$
 - (b) $100 = 10L + 20K$
 - (c) $100 = 30(L+K)$
 - (d) $100 + 30 (P_L + P_K)$
 - (e) none of the above
8. A firm's short-run average cost curve is U-shaped. Explain which of these conclusions can be reached regarding the firm's returns to scale?
 - (a) The firm experiences increasing returns to scale.
 - (b) The firm experiences increasing, constant, and decreasing returns in that order.
 - (c) The firm experiences first decreasing, then increasing returns to scale.
9. When are the LAC and LMC curves consistent with a production function?
10. Explain the other factors which are responsible for rise in demand of food products even when the price of food products is rising?
11. The gap between average total cost and average variable cost narrows down with the increase in the level of output but they never meet.
12. Explain the short run and long run production functions using isoquants.
13. What do you mean by monopoly?
14. Write short note on price leadership?
15. Explain oligopoly.
16. What is pay-off matrix.
17. Discuss the objective of profit maximization.
18. Define perfect competition.
19. What are the features of a monopolistic competitive firm?
20. Differentiate between monopoly and oligopoly.
21. Explain the role of product differentiation in an oligopolistically competitive market.
22. How can entry be blocked in case of monopoly market.
23. Discuss the various methods of pricing of products in terms of objectives & costs.
24. 'A firm is price taker and not a price maker in a perfectly competitive market'. Discuss.
25. In Nash Equilibrium, each firm adopts the best strategy. Explain.
26. State with example the law of diminishing returns.
27. Distinguish between Returns to scale and returns to a factor
28. Distinguish between Internal and external economies
29. Distinguish between Diminishing returns to a variable factor and diminishing returns to scale.

30. Write short note on Total product, marginal product and average product.
31. Discuss the various economies of scale? How do they influence the size of the firm?
32. Distinguish 'returns to a variable input' from 'returns to scale'.
33. Explain how average and marginal product functions may be derived graphically from a total product function.
34. Identify the boundaries of stages of production and indicate their managerial significance.
35. Explain how production decision making differs in long and short run time frames.

III LONG ANSWER TYPE / PRACTICAL QUESTIONS:

1. What do you mean by an iso-product curve? How is it different from indifference curve? What does the slope of an iso-product curve indicate?
2. What do you mean by the term economies of scale? Why do these economies turn into diseconomies? Discuss their nature and effect on the pricing of a firm?
3. Discuss the various methods for the estimation of cost function.
4. Discuss the law of returns to scale. Illustrate different types of returns to scale with the help of iso-quants.
5. Show with the help of table the changes in the total product, marginal product and average product, as we apply more and more units of variable factor on some fixed factors.
6. Explain the concept and managerial uses of production function. What are the various types of production function?
7. Explain the properties, importance & limitations of Cobb Douglas production functions. Show that it exhibits increasing, constant & diminishing returns to scale if $\alpha + \beta > 1 = 1$ and < 1 respectively.
8. Define optimum input-combination. What are the criteria for least-cost combination of inputs? Explain graphically.
9. Explain the need and objectives of demand forecasting. Critically evaluate the various methods of demand forecasting?
10. Distinguish between short-term and long-term production function. Discuss the properties, managerial uses and limitations of Cobb Douglas production function?
11. What is production function? Discuss law of variable proportions and explain which stage of production as per law is economically viable?
12. What is law of demand? Explain the determination of equilibrium price and quantity using the concept of demand and supply curves?
13. What is elasticity of demand? Discuss the relationship between price elasticity of demand and marginal revenue of firm?
14. What is production function? Discuss law of variable proportions and explain which stage of production as per law is economically viable?
15. What is law of demand? Explain the determination of equilibrium price and quantity using the concept of demand and supply curves?
16. Market equilibrium refers to a situation in which market price is at a level where there is neither a shortage nor a surplus
17. Explain the curve shown in the diagram along with its significance

18.



19. A firm maximizes profit by operating at the level of output where----- . Explain diagrammatically.
20. (a) Explain the use of economics in business decision making
(b) How will the production possibility curve of an economy affected by the following-
(i) Creation of new job opportunities under a program like the MNREGA
(ii) Discovery of huge gold reserve in the country
21. Why long run average cost curve is likely to be L-shaped?
22. Identify the short and long run managerial decisions which must be made in regard to the firm's costs.
23. Explain the behavioural relationships among TVC, AVC and MC and assess the managerial significance of each.
24. Explain why the TC and TVC curves seem to converge towards their upper ends.
25. For output less than long run optimum level it is more economical to under use a slightly larger plant operating at less than its minimum cost output. Conversely, at outputs beyond the optimum level, it is more economical to oversee slightly smaller plant? Explain this proposition showing the relationship between short run & long run average cost curve.
26. Explain the concept of utility. Illustrate graphically the relationship between the total utility, marginal utility and average utility.
27. State and explain the law of diminishing marginal utility. Bring out clearly the relationship between MU and price.
28. What is consumer equilibrium? Explain consumer's equilibrium with the help of indifference curve analysis?
29. What do you mean by an iso-product curve? How is it different from indifference curve? What does the slope of an iso-product curve indicate?
30. Distinguish between short-term and long-term production function. Discuss the properties, managerial uses and limitations of Cobb Douglas production function?
31. A firm's short-run average cost curve is U-shaped. Explain which of these conclusions can be reached regarding the firm's returns to scale?
(a) The firm experiences increasing returns to scale.

- (b) The firm experiences increasing, constant, and decreasing returns in that order.
 - (c) The firm experiences first decreasing, then increasing returns to scale.
32. The operation of the law of diminishing returns is due to the scarcity of the factors of production. Explain.
 33. The fundamental cause of why we get diminishing returns is that no two factors of production are perfectly substitutes of each other. Explain what is its importance in economic theory.
 34. What do you understand by “least cost combination of factors”.
 35. Explain the three phases of the law of variable proportions. Which is economically viable and why?

UNIT - IV

I MULTIPLE CHOICE QUESTIONS:

- 1 The U-shape of the long run curve average cost curve reflects
 - A. The law of variable proportions
 - B. The technological changes
 - C. The law of returns to scale
 - D. None of these
 ANS A.

- 2 If the price is less than the average costs but higher than the average variable costs:
 - A. The firm is making a loss and will shutdown in the short term
 - B. The firm is making a profit
 - C. The firm is making a loss but will continue to produce in the short term
 - D. The firm is making a loss and is making a negative contribution to fixed costs
 ANS C.

- 3 If firms earn normal profits
 - A. They will aim to leave the industry
 - B. Other firms will join the industry
 - C. The revenue equals total costs
 - D. No profit is made in accounting terms
 ANS C.

- 4 In the long term a firm will produce provided the revenue covers:
 - A. Fixed costs
 - B. Variable costs
 - C. Total costs
 ANS B.

- 5 The goal of a pure market economy is to best meet the desires of
 - A. Consumers
 - B. Companies
 - C. Workers
 - D. The government
 ANS A.

- 6 In a pure market economy, which of the following is a function of the price?
 I. Provide information to sellers and buyers ,
 II. Provide incentives to sellers and buyers
 A. I only
 B. II only
 C. Both I and II
 D. Neither I nor II
 ANS A.
- 7 In a market system, sellers act in _____ interest , but this leads to behaviors in _____ interest.
 A. Self; self
 B. Self; society's
 C. Society's; society's
 D. Society's; self
 ANS B.
- 8 Which of the following is a characteristic of pure monopoly?
 A. One seller of the product
 B. Low barriers to entry
 C. Close substitute products
 D. Perfect information
 ANS A.
- 9 In pure monopoly, what is the relation between the price and the marginal revenue?
 A. The price is greater than the marginal revenue
 B. The price is less than the marginal revenue
 C. There is no relation
 D. They are equal
 ANS A.
- 10 A firm emerges as a leader in oligopoly market due to all the following reasons except –
 A. Market share
 B. Presence in all segment
 C. Indeterminate demand curve
 D. Pioneer in particular product category
 ANS C.
- 11 In competitive market there is----- between its product and that of every other firm in the market.
 A. no difference
 B. difference
 ANS A.
- 12 In perfect competition, firms sell homogeneous products and it is ----- for a firm to enter the market.
 A. difficult
 B. easy
 ANS B.

- 13 The gap between average total cost and average variable cost -----with the increase in the level of output but they never meet
A. narrows down
B. widens
ANS A.
- 14 The average fixed cost (AFC) curve declines as additional units are produced, and continue to-----
A. decline
B. rise
ANS A.
- 15 A monopolist can either produce the----- but may charge different prices; or may charge the same price but supply different quantities in different markets.
A. same quantity
B. different quantity
ANS A.
- 16 Demand for normal goods and demand for inferior goods have -----covariance.
A. negative
B. positive
ANS A
- 17 Non-price competition is usually more profitable than selling for a -----, as it avoids the risk of a price war.
A. lower price
B. higher price
ANS A.
- 18 Society's productive resources are fully----- when they are used to produce the level of output which renders long-run average cost minimum.
A. utilized
B. wasted
ANS A.
- 19 Every firm in an oligopoly market is faced with a ----- Demand Curve
A. downward sloping
B. Kinked
ANS B.
- 20 Which cost must be considered during decision making.
A. Opportunity Cost
B. Explicit Cost
C. Operating Leverage Cost
D. All of the above

ANS D.

- 21 Average Total Cost refers to
- A. Total Cost/Quantity
 - B. Total Cost X Quantity
 - C. Total Cost + Quantity
 - D. Total Cost - Quantity

ANS A.

- 22 Products are not differentiated under which market structure?
- A. Perfect Competition
 - B. Monopoly Competition
 - C. Monopolistic Competition
 - D. All of the above

ANS B.

- 23 A firm in monopolistic competition increases its expenditure on marketing its product. What will it not be able to achieve as a result.
- A. a higher long-run profit
 - B. a higher selling price
 - C. a more differentiated product
 - D. a more inelastic demand

ANS A.

- 24 A market structure in which a small number of firm face competition from potential entrants. What does this describe.
- A. monopolistic competition
 - B. a perfect market
 - C. a monopoly
 - D. perfect oligopoly

ANS D.

- 25 A common assumption about the players in a game is that
- A. neither player knows the payoff matrix.
 - B. the players have different information about the payoff matrix.
 - C. only one of the players pursues a rational strategy.
 - D. the specific identity of the players is irrelevant to the play of the game.

ANS C.

- 26 In a zero-sum game,
- A. what one player wins, the other loses.
 - B. the sum of each player's winnings exactly sets off the loss of the other player.
 - C. the game is fair—each person has an equal chance of winning.
 - D. long-run profits must be zero.

ANS B.

- 27 The Prisoners' Dilemma is not a constant sum game because
- A. some outcomes are better than others for both players.
 - B. the prisoners' sentences are necessarily non-zero.
 - C. the game does not have a Nash equilibrium.
 - D. the sum of the prisoners' sentences is non-zero.
- ANS A.
- 28 The portion above the kink on demand curve of an oligopolist is –
- A. Less elastic
 - B. More elastic
 - C. Infinitely elastic
 - D. Perfectly elastic
- ANS B.
- 29 Sweezy model fails to explain-
- A. The effect of discovery that the firm's belief about demand curve is incorrect
 - B. Indeterminate demand curve & price rigidity
 - C. Non-price competition
 - D. Interdependent decision making
- ANS B.
- 30 Until recently, medical doctors and lawyers have been prohibited from engaging in competitive advertising. If the prisoners' dilemma applies to this situation, then the presence of this restriction would be likely to
- A. increase profits earned by individuals in these professions.
 - B. reduce profits earned by individuals in these professions.
 - C. have no effect on the profits earned by individuals in these professions.
 - D. increase the profits of some and reduce the profits of other individuals in these professions.
- ANS A
- 31 Which one of the following conditions is required for the success of a tit-for-tat strategy?
- A. Demand and cost conditions must change frequently and unpredictably.
 - B. The number of oligopolists in the industry must be relatively small.
 - C. The game can be repeated only a small number of times.
 - D. Firms must be unable to detect the behavior of their competitors.
- ANS B
- 32 An oligopolist may engage in short-run behavior that results in lower profits if
- A. it leads to a Nash equilibrium.
 - B. it is a dominant strategy.
 - C. it is not involved in a repeated game.
 - D. it lends credibility to the firm's threats
- ANS D

- 33 An oligopolist may engage in short-run behavior that results in lower profits if
E. it leads to a Nash equilibrium.
F. it is a dominant strategy.
G. it is not involved in a repeated game.
H. it lends credibility to the firm's threats
ANS D
- 34 A firm may decide to increase its scale so that it has excess production capacity because, by doing so, it is able to
A. minimize its average cost of production.
B. establish a credible deterrent to the entry of competing firms.
C. take advantage of a dominant strategy in a prisoners' dilemma.
D. attain a Nash equilibrium and avoid repeated games.
ANS B
- 35 In perfect competition, firms sell homogeneous products and it is ----- for a firm to enter the market.
A. difficult
B. easy
ANS B.
- 36 Under monopoly the demand curve slopes
A. Downward
B. Upward
ANS A.
- 37 Under the imperfect market, the market in which few firms exist is called as
A. Oligopoly
B. Monopoly
C. Monopolistic competition
ANS A.
- 38 Under monopoly entry of new firms is
A. Prohibited
B. Limited
ANS A.
- 39 The demand curve (A.R.) of a firm under perfect competition is
A. Perfectly elastic
B. Perfectly inelastic
ANS A.
- 40 Firms in perfect competition face a:
A. Perfectly elastic demand curve
B. Perfectly inelastic demand curve
C. Perfectly elastic supply curve

D. Perfectly inelastic supply curve
ANS A.

II SHORT ANSS TYPE QUESTIONS:

1. Write short note on price taker firm in competitive markets.
2. Isoquants are Convex to the origin. Explain.
3. Explain the meaning of perfect competition.
4. What is meant by equilibrium quantity?
5. How is MC Curve competitive firm's supply curve? Explain in brief.
6. Explain in brief the concept of Expansion Path.
7. Write short note on Non-Price Competition.
8. Explain the features of perfect competition.
9. How is price of a commodity affected when its demand increases less than supply?
10. What is the shape of demand curve under perfect competition?
11. How is price of a commodity affected by change in its supply?
12. Demand and supply are like two blades of a pair of scissors. Explain with reference to equilibrium price.
13. How are the equilibrium price and quantity of a commodity affected, when its supply falls and demand is perfectly elastic?
14. Prisoner's dilemma and Nash equilibrium
15. Explain in words why a profit-maximizing firm will not choose to produce at a quantity where marginal cost exceeds marginal revenue.
16. How does the average cost curve help to show whether a firm is making profits or losses?
17. When a monopolist identifies its profit-maximizing quantity of output, how does it decide what price to charge?
18. Is a monopolist allocatively efficient? Why or why not?
19. What is the relationship between product differentiation and monopolistic competition?
20. A competitive firm is a price taker.
21. There is no unique supply curve under monopoly.
22. How is equilibrium price determined in the market?
23. What are the effects on the equilibrium price of a commodity?
24. A monopoly firm cannot determine price and quantity sold both simultaneously at the same time. Explain.
25. Write notes on (any three): -
 - (a) Under-utilized capacity under monopolistic competition in the long run
 - (b) Break-even point
 - (c) Third degree price discrimination
 - (d) Price-rigidity under oligopolistic market
 - (e) Effect of product differentiation on prices
26. Differentiate between Explicit Cost and Implicit Cost.
27. Differentiate between Private and Social Cost.
28. What do you understand by Pricing Under Perfect Competition?
29. What is Pricing Under Monopoly?
30. Write a note on Control of Monopoly.

- 31 When a monopolist identifies its profit-maximizing quantity of output, how does it decide what price to charge?
- 32 What is the relationship between product differentiation and monopolistic competition?
- 33 Can a monopolist incur losses in the short-run? Why?
- 34 Describe the Cost leadership Model in Oligopoly.
- 35 Is perfect competition a possible market situation in any of the economies of the world? Give reasons in support of your ANS.

III LONG ANSS TYPE QUESTIONS:

1. How is equilibrium in the short run attained in case of a monopolistically competitive market? Explain.
2. What do you understand by prisoner's dilemma? Why do oligopolistic firms find themselves in prisoner's dilemma?
3. Explain Baumol's sales maximization model using suitable diagram and compare it with profit maximization objective of the firm.
4. Prices tend to be rigid in an oligopoly market despite fluctuations in demand & cost. Explain price rigidity using kinked demand curve under what condition would an oligopolistic charge a price different from one that occurs at the kink?
5. Show graphically how a profit maximizing discriminating monopolist will distribute his output in two markets and charge different prices under third degree price discrimination. Also discuss the equilibrium of the monopolist under dumping, if the foreign market in which he operates is perfectly competitive while in domestic market he faces a downward sloping demand curve.
6. Distinguish between skimming price & penetration pricing policy. Which of these policies relevant in pricing a new product under different competitive conditions in the market?
7. Explain and illustrate the price leadership of a low-cost firm. Why do the high cost firms accept a price lower than their profit maximizing price?
8. What is a cartel? Explain price determination under the cartel system, with the help of a diagram.
9. Why are cost curves U-shaped under traditional theory of costs, while these may take saucer or other shapes under modern theory of costs.
10. Explain the features of oligopoly. Critically examine Sweezy's kinked demand curve model.
11. Graphically, explain the expansion path of a firm.
12. Prices tend to be rigid under oligopoly. Explain, under what conditions would an oligopolistic firm charge a price different from one that occurs at the kink?
13. "For output less than long run optimum level, it is more economical to underuse a slightly larger plant operating at less than its minimum cost output. Conversely, at outputs beyond the optimum level, it is more economical to over use slightly smaller plant. Explain the proposition showing the relationship between short term and long-term average cost curves.
14. Explain the importance of product differentiation and selling cost under monopolistic competition?
15. What is monopoly market structure? Explain the concept and types of price discrimination in a monopoly market.

16. What is non-price competition? Explain the issue of price stickiness in oligopoly market using kinked demand curve.
17. If the firms in a monopolistically competitive market are earning economic profits or losses in the short run, would you expect them to continue doing so in the long run? Why?
18. Is a monopolistically competitive firm productively efficient? Is it allocatively efficient? Why or why not?
19. How does the quantity produced and price charged by a monopolist compare to that of a perfectly competitive firm?
20. Why will losses for firms in a perfectly competitive industry tend to vanish in the long run?
21. What is non-price competition? Explain price and output determination under non-price competition.
22. Discuss the Price Determination under perfect competition with the help of a diagram.
23. Explain the effect of change in demand and supply on price with the help of diagrams.
24. Under perfect competition, the seller is price taker or price maker? Explain.
25. If at a given price of a commodity, there is excess demand, how will the equilibrium price be reached? Explain with the help of a diagram.
26. Give reason for the fact that MR and AR are equal under perfect competition while AR is greater than MR under monopoly.
27. Discuss short run Equilibrium of a firm under perfect competition and monopoly.
28. Is it possible that a firm may produce while sustaining losses? If so, when and how much?
29. Write a short note on market interventions and failures.
30. What is price discrimination? How price is determined under it? Is price discrimination useful to society?
31. Why are cost curves U-shaped under traditional theory of costs, while these may take saucer or other shapes under modern theory of costs?
32. Why will losses for firms in a perfectly competitive industry tend to vanish in the long run?
33. What is non-price competition? Explain price and output determination under non-price competition.
34. A monopoly firm cannot determine price and quantity sold both simultaneously at the same time. Explain.
35. Write notes on :-
 - A. Under-utilized capacity under monopolistic competition in the long run
 - B. Break-even point
 - C. Third degree price discrimination
 - D. Price-rigidity under oligopolistic market
 - E. Effect of product differentiation on prices

QUESTION BANK

BUSINESS COMMUNICATION

BCOM 107

QUESTION BANK
BUSINESS COMMUNICATION – BCOM 107
BCOM - I

UNIT – I

I MULTIPLE CHOICE QUESTIONS

1 Which of the following best describes communication:

- A. Exchange of ideas
- B. Exchange of information
- C. Exchange of information, ideas and emotions
- D. Exchange of emotions

ANS. C

2 Receiver should the message objectively and send feedback promptly.

Fill in the blank above out of following:

- A. Encode
- B. Decode
- C. Forward
- D. Write

ANS. B.

3 Sender should select channel considering:

- A. Need for speed
- B. Social need
- C. Safety need
- D. Esteem need

ANS. A.

4 Some forms of communication like office order or notice are;

- A. Two-way process
- B. Unidirectional
- C. Multi directional
- D. Horizontal process

ANS. B.

5 Effective external communication helps to improve mainly one of the following an organization:

- A. Profit
- B. Productivity
- C. Team Building
- D. Public Image

ANS. D.

6 Which one of the following cannot be considered as communication:

- A. Writing a letter to relative
- B. Talking on telephone
- C. Having dreams during the sleep
- D. Listening a story

ANS. C.

7 Business Communication does not play an important role in which of the following:

- A. Training and development of employees
- B. Motivation and moral building
- C. Improved physical health of employees
- D. Corporate image

ANS. C.

8 Which of the following is not audience in business communication?

- A. Employees
- B. Customers
- C. Students
- D. Suppliers

ANS. C.

9 Which of the following is not a component of communication process?

- A. Feedback
- B. Context
- C. Product of organization
- D. Receiver

ANS. C.

- 10 Written communication is used mainly for:
- A. Understanding emotions of receiver
 - B. Understanding emotions of sender
 - C. Understanding receiver's message quickly
 - D. Future reference and records
- ANS. D.
- 11 Which of the communication media is fastest and cheapest?
- A. Letter
 - B. Fax
 - C. E-mail
 - D. Telegram
- ANS. C
- 12 Oral Communication is best suited where
- A. Records are to be kept.
 - B. Secrecy is prime concern
 - C. Speed is important
 - D. Action to be taken immediately
- ANS. D.
- 13 Oral communication is extremely useful
- A. To create future records
 - B. To keep low cost of communication is prime concern
 - C. To have confidentiality
 - D. To promote friendly relations
- ANS. D.
- 14 Attentive listening is vital in following form of communication:
- A. Oral
 - B. Written
 - C. Fax
 - D. E-mail
- ANS. A.
- 15 Specific directions regarding job assigned are to subordinates given in the following form of communication:
- A. Upward
 - B. Downward
 - C. Horizontal

D. Diagonal
ANS. B.

16 To apprise the subordinates of their performance, following form of communication is most suited:

- A. Upward
 - B. Horizontal
 - C. Downward
 - D. Diagonal
- ANS. C.

17 Downward communication does not use the following:

- A. Letters
 - B. Memorandums
 - C. Request Application
 - D. E-mails
- ANS. C.

18 Upward communication is used for the following:

- A. Seeking superior's intervention to solve the problem
 - B. Directive to initiate action
 - C. Motivate seniors
 - D. Coordinate with other departments
- ANS. A.

19 Downward communication is best suited to

- A. Maintain law and order
 - B. Motivate senior management
 - C. Coordination with different departments
 - D. Explain policies and procedures to subordinates
- ANS. D

20 Indicate the wrong statement out of the following:

- A. Grapevine does not follow any fixed path
 - B. The grapevine is a very fast channel
 - C. The grapevine provides valuable feedback to the management
 - D. The management can do a great service to their organization by destroying the grapevine.
- ANS. D.

- 21 Grapevine information is usually misunderstood as it is mostly:
- A. Complete
 - B. Incomplete
 - C. Tested
 - D. Authenticated
- ANS. B.
- 22 Which of the following is not a correct statement?
- A. Emotions play important role in communication
 - B. Dreaming is not communication
 - C. Unsuitable media is not barrier to communication
 - D. Communication is a two-way process.
- ANS. C.
- 23 Which of the following statement is true?
- A. Noise is not barrier to communication
 - B. Psychological noise is more serious than physical noise
 - C. Time and distance are not barriers to communication
 - D. Noise relates to sound alone
- ANS. B.
- 24 Which of the following statements is true?
- A. If communication is to be perfect, the receiver must assign the same meaning as sender
 - B. Sender and receiver are not components of communication
 - C. Assumption is good for effective communication
 - D. Sender need not consider receiver's attitude for effective communication
- ANS. A.
- 25 Which of the following helps in communication effectiveness?
- A. Using words with negative connotative words
 - B. Using any channel considering urgency of matter
 - C. Positive and courteous tone
 - D. Oral communication
- ANS. C.
26. Receiver shouldthe message objectively and send feedback promptly.
- Fill in the blank above out of following:
- A. Encode
 - B. Decode
 - C. Forward

D. Write
ANS. B.

27. Sender should select channel considering

- A. Need for speed
- B. Social need
- C. Safety need
- D. Esteem needs

ANS. B.

28. Some forms of communication like office order or notice are;

- A. Two-way process
- B. Unidirectional
- C. Multi directional
- D. Horizontal process

ANS. B.

29. Which of the following is not a component of communication process?

- A. Feedback
- B. Context
- C. Product of organization
- D. Receiver

ANS. C.

Specific directions regarding job assigned are to subordinates given in the following form of communication:

- A. Upward
- B. Downward
- C. Horizontal
- D. Diagonal

ANS. B.

31. Receiver shouldthe message objectively and send feedback promptly.
Fill in the blank above out of following:

- A. Encode
- B. Decode
- C. Forward
- D. Write

ANS. B.

32. Sender should select channel in light of:
- A. Need for speed
 - B. Social need
 - C. Safety need
 - D. Esteem need
- ANS. A.
33. Upward communication is used for the following:
- A. Seeking superiors intervention to solve the problem
 - B. Directive to initiate action
 - C. Motivate seniors
 - D. Coordinate with other departments
- ANS. A.
34. Downward communication is best suited to
- A. Maintain law and order
 - B. Motivate senior management
 - C. Coordination with different departments
 - D. Explain policies and procedures to subordinates
- ANS. D.
35. Indicate the wrong statement out of the following:
- A. Grapevine does not follow any fixed path
 - B. The grapevine is a very fast channel
 - C. The grapevine provides valuable feedback to the management
 - D. The management can do a great service to their organization by destroying the grapevine.
- ANS. D.
36. As a process of sharing thoughts and ideas, communication suffers mainly from:
- A. Physical barriers
 - B. Both physical and non-physical barriers
 - C. Non-physical barriers
 - D. Gender differences
- ANS. B.
37. _____ is not one of the 7 C's of communication:
- A. Clarity
 - B. Correctness
 - C. Conciseness
 - D. Character
- ANS. D.
38. In general, human beings are:
- A. Perfect communicators
 - B. Good communicators
 - C. Poor communicators

D. Indifferent communicators

ANS. C.

39. For the communication to be completed, the receiver must send to the sender of the message.

A. Response

B. Feedback

C. Idea

D. None of the above

ANS. B.

40. Language barrier is a

A. Semantic Barrier

B. Physiological barrier

C. Psychological barrier

D. Official barrier

ANS. A.

41. The most important goal of business communication is_____.

A. Favourable relationship between receiver and sender

B. organizational goodwill

C. receiver response

D. receiver understanding

ANS. D.

42. Down ward communication flows from_____ to_____.

A. Upper to lower what??

B. Lower to upper what??

C. Horizontal what???

D. Diagonal

ANS. A.

43. Horizontal communication takes place between_____.

A. Superior to subordinate

B. Subordinate to superior

C. Employees with same status

D. None of these.

ANS. C.

44. Appeals and representations are used in_____communication.

A. Horizontal

B. Upward

C. Downward

D. Grapevine

ANS. C.

45. The study of communication through touch is_____.
- A. Chronemics
 - B. Haptics
 - C. Proxemics
 - D. Semantics
- ANS. B.

II SHORT ANSWER TYPE QUESTIONS:

1. What is the role of conversation in our business and personal lives?
2. What is 7C's concept in communication? Explain each briefly.
3. Give illustration to show why it is important to adapt the message to the needs of the receiver.
4. How communication is a social activity?
5. Why is communication so important to an organization? How does it relate the organization to the outside world?
6. Write a note on communication as "an integral part of the process of change".
7. List and briefly describe the six phases of the communication process.
8. Explain the process of communication.
9. Write a detailed note on the factors responsible for the growing importance of communication in modern times.
10. Effective communication has always been essential for success in business. Explain this statement in detail.
11. What are the essentials of communication? Discuss in detail giving a suitable example.
12. How does planning of message take place during the process of communication?
13. Write a brief note on the importance of clarity of thought and expression in the communication process.
14. In business communication, courtesy and clarity are as important as conciseness and completeness." Discuss.
15. Discuss widely the general principles of effective communication.
16. Is the ability to communicate more important criteria of successful performance of an employee? Discuss the importance of communication in today's competitive business world.
17. Explain what business communication is. What are the salient features of this communication?
18. Write a note on challenges of 21st century career management.
19. Write a note on Effective listening and its importance in business.
20. What are the principles of effective business communication?
21. How is communication affected by information overload?
22. How will your communication skills contribute to your company's success?
23. In what directions can information travel within an organization's formal hierarchy?
24. How can we make sure our feedback is constructive?
25. Why should communicators take an audience-centred approach to communication?
26. Why is communication so important to an organization? How does it relate the organization to the outside world?
27. Write a note on communication as "an integral part of the process of change"

28. List and briefly describe the six phases of the communication process.
29. Explain the significance of communication?
30. Give illustration to show why it is important to adapt the message to the needs of the receiver.
31. What are the principles of effective written communication?
32. State the Semantic barriers in communication.
33. What is the role of Feedback in the communication process.
34. Differentiate between Upward and Downward Communication
35. What are the limitations of oral communication?

III LONG ANSWER TYPE QUESTIONS:

1. Write a detailed note on the importance of clarity of thought and expression in the communication process with examples.
2. Imagine a situation in which the intransigent attitude of trade union leaders creates communication problems for management, and how a resourceful manager deals with them.
3. What are the essentials of communication? Discuss in detail giving a suitable example.
4. "Communicators with similar mental filters are more likely to communicate effectively." Discuss.
5. Discuss the importance of communication in today's competitive business world. Is the ability to communicate more important criteria of successful performance of an employee?
6. In business communication courtesy and clarity are as important as conciseness and completeness." Discuss in detail.
7. Discuss widely the general principles of effective communication. What are the barriers to communication? Discuss the guidelines for overcoming these barriers.
8. Show how offensive style is the greatest barrier to communication. Write a note on socio – psychological barriers to communication.
9. "Communicators with similar mental filters are more likely to communicate effectively." Discuss.
10. "There can be no such things as perfect communication." Do you agree? Give a reasoned ANS.
11. Explain how the wrong choice of the channel of communication acts as a barrier to communication.
12. How does personal opinions and prejudices of various individuals act as barriers to effective communication? Illustrate your Answer with suitable example.
13. We don't see reality. We interpret what we see and call it reality." Discuss
14. Is the ability to communicate more important criteria of successful performance of an employee? Discuss the importance of communication in today's competitive business world.
15. Explain what business communication is. What are the salient features of this communication? How is it different from other communication?
16. What are the major barriers to communication in organization? How can we overcome them?
17. What are the important parts of visual communication? Explain.

18. What is 7 Cs Concept in communication? Explain each of them in detail.
19. How can a lack of shared experience between sender and receiver result in communication failures?
20. Career in 21st century is a challenge. Discuss in detail.
21. Effective listening is no science. It is an art to be learnt by practice. Discuss.
22. Selection of a job must depend upon the candidate's potential. Comment.
23. Discuss the critical differences between successful and ineffective communication. Give examples.
24. Why have communication skills become an essential requirement for a successful career in any profession? Discuss with examples.
25. How does an organization reach out to a large audience through written communication?
26. "Communicators with similar mental filters are more likely to communicate effectively." Discuss.
27. "There can be no such things as perfect communication." Do you agree? Give a reasoned answer.
28. Explain how the wrong choice of the channel of communication acts as a barrier to communication.
29. How does personal opinions and prejudices of various individuals acts as barriers to effective communication? Illustrate your Answer with suitable example.
30. We don't see reality. We interpret what we see and call it reality." Discuss
31. What is communication? Differentiate between formal and informal communication. How will your communication skills contribute to your company's success?
32. Discuss in detail the barriers and gateways to communication.
33. Explain the differences between oral and written communication. Recall the team presentations that you have seen in your classes. What qualities made some team presentations better than the others?
34. Explain the nature, importance and role of communication in business. What are the barriers and gateway to communication? Explain them in brief.
35. What are the various types of non-verbal communication? Discuss them with suitable examples.

UNIT - II

I MULTIPLE CHOICE QUESTIONS:

1. Companies need to become aware of how to communicate with people from diverse cultures because:
 - A. More companies are conducting business with people from other countries.
 - B. The workforce is becoming more diverse.
 - C. Both 1 and 2.
 - D. None of the above

ANS.C

2. Which one of the following statements is inaccurate?
- A. There is one definition of culture on which everyone agrees.
 - B. Culture is a complex, multidimensional concept.
 - C. Culture is learned social behaviours that develop over time.
 - D. All of the above.
- ANS.A.
3. Intercultural communication is:
- A. The sharing of meanings between individuals from different cultures.
 - B. Shared communication between members of the same culture.
 - C. The process of adjusting to the host culture.
 - D. Shared communication between members of same family
- ANS. A.
4. The belief that one's culture is superior to others is referred to as:
- A. Cultural relativism.
 - B. Enculturation.
 - C. Ethnocentrism.
 - D. Collectively
- ANS. C.
5. Which of the following is not a dimension of cultural differences as identified by Hofstede (1984)?
- A. Certainty avoidance
 - B. Individualism
 - C. Power distance
 - D. None of the above
- ANS.A.
6. Which of the following lists represents the common barriers to communication?
- A. Linguistic, cultural, physical, perceptual, experiential, and emotional.
 - B. Linguistic, cultural, physiological, perceptual, experimental, nonverbal and economical.
 - C. Linguistic, conceptual, psychological, perceptual, experiential, verbal and emotional.
 - D. Linguistic, cultural, physical
- ANS. A.
7. A culture-general approach to achieving intercultural communication competence:
- A. Focuses on developing cultural awareness and sensitivity.
 - B. Focuses on acquiring specific knowledge about another culture.
 - C. Involves stereotyping and feeling sympathy for other cultures.

ANS.A.

8. You come from a culture where men are expected to help around the house. One of your colleagues comes from another culture. His wife, who has a postgraduate degree, brings his lunch to him every day, sits in another room while he eats and then leaves with the dirty dishes. Your first reaction is strong disapproval. Which term/s defined in this chapter, can explain your reaction?

- A. Enculturation
- B. Cultural barriers
- C. Masculinity
- D. Ethnocentricity

ANS.D.

9. What will most improve your workplace relationship with your colleague?

- A. Development of 'other-orientation'
- B. Intercultural communication
- C. A culture general approach
- D. Cultural relativism

ANS.D.

10. Your colleague never joins your team in the lunchroom, and therefore is not included in informal channels of communication. What would improve his workplace relationships?

- A. Develop behavioral flexibility.
- B. Develop cultural awareness and sensitivity.
- C. Overcome experiential barriers to intercultural communication.
- D. Acculturation

ANS.D.

11. In which cultural dimension is the difference in how status is ascribed considered?

- A. Specific vs. diffuse.
- B. Neutral vs. affective.
- C. Universalism vs. particularism
- D. Achievement vs. ascription.

ANS.D.

12. Which cultures tend to value quality of life more than wealth.

- A. Feminine
- B. Masculine
- C. Universalism
- D. None of the above

ANS. A.

13. What is the process by which you learn the rules and norms of a culture different from your own?
- A. Enculturation
 - B. Acculturation
 - C. Cultural Shock
 - D. Ethnocentrism
- ANS.B.
14. Culture shock is a psychological reaction to a new culture.
- A. Enculturation
 - B. Acculturation
 - C. Cultural Shock
 - D. Ethnocentrism
- ANS.C.
15. Culture refers to
- A. The specialized lifestyle of a group of people.
 - B. Race or nationality.
 - C. Genetic similarities.
 - D. Gender equality.
- ANS.A.
16. In international business, the trend to “go local” has led to local people and foreign experts performing as:
- A. workers and employers
 - B. a team
 - C. hosts and guests
 - D. trainee and trainer
- ANS.B.
17. Culture is embedded in our:
- A. gestures
 - B. minds
 - C. beliefs
 - D. expressions
- ANS.B.
18. Cultural intelligence helps us to know cultural:
- A. differences
 - B. rules of behavior
 - C. similarities
 - D. rituals
- ANS.A.

19. An individual's behaviour in a foreign society becomes noticeable when it _____ in relation to the foreign culture.
- A. irritates
 - B. conforms
 - C. deviates
 - D. overlaps
- ANS.C.
20. Culture refers to:
- A. behaviour
 - B. attitude
 - C. rules of behaviour
 - D. thinking
- ANS.C.
21. People in high-context cultures make business decisions on the basis of:
- A. reason
 - B. interpersonal relations
 - C. individual needs
 - D. competition
- ANS.B.
22. The exclusive centre of interest in low-context communication is:
- A. information
 - B. context
 - C. individual perceptions
 - D. emotional factors
- ANS.A.
23. In monochronic cultures, the priority is:
- A. relationships
 - B. the job
 - C. multiple tasks
 - D. goal achievement
- ANS.B.
24. The aim of cross-cultural communication training is to
- A. develop business etiquette
 - B. give social status
 - C. create strong cultural ties
 - D. improve behaviour
- ANS.C.

25. An e-mail's style is determined by a person's:
- A. English
 - B. status
 - C. culture
 - D. communicative ability
- ANS.C.
26. Which cultures tend to value quality of life more than wealth.
- A. Feminine
 - B. Masculine
 - C. Universalism
 - D. None of the above
- ANS.A.
27. What is the process by which you learn the rules and norms of a culture different from your own?
- A. Enculturation
 - B. Acculturation
 - C. Cultural Shock
 - D. Ethnocentrism
- ANS.B.
28. Culture shock is a psychological reaction to a new culture.
- A. Enculturation
 - B. Acculturation
 - C. Cultural Shock
 - D. Ethnocentrism
- ANS.C
29. Culture refers to
- A. The specialized lifestyle of a group of people.
 - B. Race or nationality.
 - C. Genetic similarities.
 - D. Gender equality.
- ANS.A.
30. In interpersonal communication, ethics
- A. Are important.
 - B. Are not a consideration.
 - C. Increase barriers to understanding.
 - D. Stand in the way of honesty.
- ANS.A.

31. Which of the following is NOT a problem when calling for a meeting:
- A. Personal agenda
 - B. Team spirit
 - C. Interpersonal conflicts
 - D. Cultural differences
- ANS.B.
32. When communicating, many Latin and Asian cultures stress the value of
- A. Closeness.
 - B. Indirectness.
 - C. Avoidance.
 - D. Directness.
- ANS.B.
33. For most Americans, intimate space, or intimate distance, is under
- A. 12 inches
 - B. 48 inches
 - C. 18 inches
 - D. 24 inches
- ANS.C.
34. Which principle/s of professional communication promote/s sensitivity to cultural values and beliefs?
- A. The professional communication is in good taste.
 - B. The professional communication is legal.
 - C. The professional communication is ethical.
 - D. All of the above.
- ANS.A
35. Junior members of staff are working long unpaid hours on a project because profits are down and the project promises to fund three full-time positions. They do not complain, although two seek treatment for stress-related illness. Identify the major cause/s of illegal or unethical behaviour in this scenario.
- A. Uncertainty about whether an action is wrong.
 - B. Unwillingness to take a stand about what is right.
 - C. Excessive emphasis on profits.
 - D. All of the above.
- ANS.D.
36. Initially, a presentation is a form of:
- A. Two-way communication
 - B. Group communication
 - C. Intrapersonal communication
 - D. One-way communication
- ANS.D.

37. A co-worker shares office gossip/rumors with you. You:
- A. Thank him for telling you and pass the stories on
 - B. Check out the facts with other employees
 - C. Politely listen and keep the information to yourself
- ANS.B.
38. In business, keep telephone calls very short because the other person may not be:
- A. Noting down what you say
 - B. Paying attention to you
 - C. Interested in talking to you
 - D. Free to talk to you
- ANS.D.
39. A co-worker comes to your office to introduce you to a friend of his. You:
- A. Smile and nod
 - B. You stand up, establish eye contact, smile and shake his hand
 - C. Wave and tell him how happy you are to meet him
 - D. Give him a "high five"
- ANS.B.
40. After a meeting with a contact, in order to express your thanks, it is appropriate to:
- A. Send him/her a small box of chocolates with a note
 - B. Drop by the office and give him/her a hot cup of coffee
 - C. Send a dozen red roses to his/her home
 - D. Send a thank you letter
- ANS.D.
41. Which of the following is a type of nonverbal communication?
- A. Style
 - B. Voice quality
 - C. Word choice
 - D. Filtering
- ANS.D.
42. Which of the following is true of body language as a form of nonverbal communication?
- A. Paralanguage refers to physical movements of our arms, legs, hands, torsos, and heads.
 - B. Speaking and gestures are not linked.
 - C. Physical appearance is an important aspect of body language.
 - D. In an office, the physical arrangements do not communicate any meaning.
- ANS.C.
43. Which of the following helps improve a person's accuracy of hearing?
- A. Refraining from asking questions
 - B. Avoiding back-channeling
 - C. Judging what is being said
 - D. Taking notes

ANS.D.

44. When calling, which of the following is an example of bad telephone etiquette?
- A. "Thank you for calling Miller's Takeaways. I am Alberta McShane. How may I assist you today?"
 - B. "This is Debra Hope of DeBanks Finance. I have a clarification regarding the expiration date of your credit period. Is this the best time to talk?"
 - C. "Put me through to Charles Watkins in Finance. This is urgent."
 - D. "Mr. Strayer is not in presently. May someone else help you?"

ANS.C.

45. Which of the following is important when conducting a formal meeting?
- A. Prepare a mental agenda
 - B. Develop a written agenda
 - C. Avoid using parliamentary procedure
 - D. Avoid taking meeting minutes

ANS.B.

II SHORT ANSWER TYPE QUESTIONS:

- 1 Explain how the religious beliefs of people of a nation impact its communication?
- 2 Explain how the social environment and language variables cause difference in communication styles cross nations?
- 3 Define Proxemics. How does the space language differ amongst the western and the eastern nations?
- 4 Compare how Americans and French differ in their time language.
- 5 Define Ethics in reference to business communication.
- 6 How are ethics a responsibility for an organization?
- 7 How can ethics be communicated through public messages?
- 8 How can ethics be communicated informally?
- 9 Define Culture
- 10 What do you understand by Cultural Overlap?
- 11 How do education system and/or level of a nation impact its communication?
- 12 How does the Politico-legal environment of a nation impact its communication?
- 13 What is ethnocentrism, and how can it be overcome in communication?
- 14 What four principles apply to ethical intercultural communication?
- 15 Why is it important to understand your own culture when attempting to communicate with people from other cultures?
- 16 What are some ways to improve speaking and listening skills when communicating with people of other cultures?
- 17 What steps can you take to help someone from another culture adapt to your culture?
- 18 What are potential advantages of a diverse workforce?
- 19 How do high-context cultures differ from low-context cultures?
- 20 In addition to contextual differences, what other categories of cultural differences exist?
- 21 How has technology affected the relationships people make?

- 22 How is technology responsible for changes in communication?
- 23 How to use technology to improve business communication?
- 24 Too much dependence on technology might overwhelm the communication process. Is it true?
- 25 What are the few powerful tools for communicating in an organization?
- 26 What is cultural sensitivity? How can cultural sensitivity help in making intercultural communication effective?
- 27 How is space a factor in intercultural communication?
- 28 What factors should be kept in mind when conducting business in unfamiliar cultures?
- 29 Explain in brief ethical and legal issues in Business Communication.
- 30 Write short notes on Defamation and Libel
- 31 Write short notes on:
- a. Dimensions of Cross Cultural Business Communication
- 32 Write short notes on:
- a. Negotiation Process
 - b. Business Communication via Social Network
- 33 State the approaches of Negotiation.
- 34 How are high context employees different from low-context employees?
- 35 Explain how dealing with pressure to compromise ethics add to the problems of employees

III LONG ANSWER TYPE QUESTIONS:

1. Elaborate how various individual cultural variables impact the way people belonging to different countries behave and communicate verbally and non-verbally. Support the answer with special reference to the contrast between the American and the Indian cultures.
2. How has technology impacted business communication?
3. Elaborate the various available communication technologies.
4. According to you, what guidelines must the spokesperson of a company follow while communicating with the outside world?
5. What are the various legal issues of communication?
6. "Communication is affected by Culture". Comment
7. Differences amongst cultures of the various nations of the world impact the way individuals communicate non-verbally. Do you agree with statement? Explain your answer with the help of examples.
8. Elaborate the various National Cultural Variables that impact the communication processes and styles around the world. Support your answer with the help of relevant examples.
9. Identify the types of technology used primarily in internal and external operational communication to transmit messages. Explain what do you think might account for the difference?
10. How has technology facilitated the world business through its use in communication?
11. Discuss effective technology in communication.
12. Write note on Ethical and Legal Issues in business communication.

13. Write a critical note on “Cross Cultural Dimensions of Business Communication”.
14. What is Corporate Culture and how does it affect communication?
15. Explain Cross Cultural Dimensions of business communication
16. Write a detailed note on legal aspects of business communication
17. What are Etic and Emic approaches to culture?
18. Discuss the methods and means to overcome cross-cultural communication.
19. Discuss the impact of globalization on organizational and multicultural communication.
20. Why is it so important to understand culture for global communication?
21. What are the intercultural issues to consider when deciding whether to accept a job in an overseas branch of a U.S. company? How about a job in the US with a local branch of a foreign owned firm? Explain.
22. What are the potential advantages and disadvantages of a diverse workforce?
23. How do high context cultures differ from low context cultures?
24. Distinguish between ethical dilemmas and ethical lapses.
25. Discuss the negative influence of western culture on Indian organizational culture.
26. How has technology facilitated the world business through its use in communication?
27. Write note on Ethical and Legal Issues in business communication
28. Write a critical note on “Cross Cultural Dimensions of Business Communication
29. What is Corporate Culture and how does it affect communication?
30. Explain Cross Cultural Dimensions of business communication
31. How has technology facilitated the world business through its use in communication?
32. Write note on Ethical and Legal Issues in business communication
33. Write a critical note on “Cross Cultural Dimensions of Business Communication
34. What is Corporate Culture and how does it affect communication?
35. Explain Cross Cultural Dimensions of business communication
36. Write notes on legal aspects of business communication

UNIT - III

I MULTIPLE CHOICE QUESTIONS

1. Business letters produce immediate effect because they are:
 - A. informal
 - B. interesting
 - C. formal
 - D. brief
 ANS.A.

2. Letters that please the receiver are called:
 - A. “yes” letters
 - B. invitation letters
 - C. routine letters
 - D. good-news letters
 ANS.D.

3. The purpose of a “no” response letter is to leave the reader with:
- A. reasons for the rejection of the request
 - B. no future hope
 - C. minimum disappointment
 - D. unpleasant feelings
- ANS.C.
4. Form letters are also known as:
- A. bad news letters
 - B. persuasive sales letters
 - C. circular letters
 - D. formal letters
- ANS.B.
5. A memorandum (memo) is considered a brief form of written communication for:
- A. external use
 - B. legal use
 - C. internal use
 - D. formal use
- ANS. C.
6. Simplicity in writing means essentially:
- A. the use of simple sentences
 - B. the use of simple words
 - C. the use of simple tense
 - D. plainness
- ANS.D.
7. Writing a letter with “you-attitude” means writing:
- A. from the point of view of other persons not concerned
 - B. from the point of view of the writer
 - C. using the word “you” repeatedly
 - D. from the point of view of the reader
- ANS.D.
8. Good business letters are characterized by the following personal quality of the writer:
- A. formality
 - B. seriousness
 - C. humour
 - D. sincerity
- ANS.D.

9. The simplified style business letter has:
A. a subject line
B. a salutation
C. a complimentary close
D. indentation
ANS.A.
10. Modern business letters are usually written in:
A. simplified style
B. indented style
C. semi-block style
D. full-block style
ANS.D.
11. To complete the function of the written word, we require:
A. two persons
B. three persons
C. one person
D. four persons
ANS.A.
12. In business, the purpose of writing is mainly to:
A. Both inform and persuade
B. persuade
C. inform
D. entertain
ANS.A.
13. Informative writing focuses primarily on the:
A. subject under discussion
B. latest news
C. reader
D. writer
ANS.A.
14. In writing business letters, one has to be:
A. friendly
B. dull
C. conventional
D. formal
ANS.A.
15. Technical accuracy of language means:
A. active voice
B. direct narrative
C. simplicity
D. correctness of grammar, spelling, and punctuation

ANS.D.

16. The principles of effective writing include:

- A. brevity
- B. accuracy
- C. brevity, clarity and accuracy
- D. clarity

ANS.C.

17. In a sentence, the verb agrees in number and person with its:

- A. preposition
- B. adverb
- C. subject
- D. object

ANS.C.

18. How many kinds of articles are there in English?

- A. Three: a, an, and the
- B. One: a
- C. Five: a, an, the, definitive and indefinite
- D. Two: definitive and indefinite

ANS.D

19. "There", as an introductory subject:

- A. is always singular
- B. requires the verb to agree with the real subject that comes after it
- C. requires the verb to agree with its unreal subject
- D. requires the verb to agree with the object

ANS.B.

20. In issuing instructions, one should avoid the:

- A. passive voice
- B. active voice
- C. subjunctive form
- D. imperative form

ANS.A

21. A referral letter should be sent when:

- A. An inquiry can be answered better by someone else.
- B. You wish to recommend someone for a job.
- C. A payment is enclosed.
- D. You don't want to be bothered with it.

ANS.B.

22. Inquiry letters are letters that:
- A. Ask for more information about a product or service.
 - B. Ask for credit.
 - C. Try to reactivate business.
 - D. Ask for an adjustment.
- ANS.A.
23. What is essential for meeting to successfully start?
- A. A quorum
 - B. The agenda
 - C. Proper seating arrangement
 - D. All of the above
- ANS.D.
24. When asking several questions in a letter, you can make them more obvious by:
- A. Putting all the questions in the closing paragraph.
 - B. Numbering the questions.
 - C. Putting all questions in the opening paragraph.
 - D. Putting all the questions in passive voice.
- ANS.B.
25. A cover letter is:
- A. Courteous and helpful.
 - B. Unnecessary.
 - C. Considered to be in poor taste.
 - D. Always mailed separately.
- ANS.A.
26. Which of the following sentences about reports is NOT true?
- A. A short report is meant to convey information in an efficient, compact format.
 - B. An annual report is usually published once a year for shareholders as well as for employers.
 - C. A recommendation report examines a situation and concludes with specific recommendations.
 - D. proposal is a report written to convince a reader that a need exists and that specific action should be taken to remedy that need.
- ANS.C.
27. Which of the following is NOT an external business written communication?
- A. Complaint letter
 - B. Curriculum Vitae
 - C. Memo
 - D. Enquiries letter
- ANS.C.

28. A memo has two parts, the:
- A. Heading and the date.
 - B. Heading and the complimentary closing.
 - C. Heading and the body.
 - D. Subject and the body.
- ANS.D.
29. A referral letter should be sent when:
- A. An inquiry can be answered better by someone else.
 - B. You wish to recommend someone for a job.
 - C. A payment is enclosed.
 - D. You don't want to be bothered with it.
- ANS.B.
30. Inquiry letters are letters that:
- A. Ask for more information about a product or service.
 - B. Ask for credit.
 - C. Try to reactivate business.
 - D. Ask for an adjustment.
- ANS.A.
31. A referral letter should be sent when:
- A. An inquiry can be answered better by someone else.
 - B. You wish to recommend someone for a job.
 - C. A payment is enclosed.
 - D. You don't want to be bothered with it.
- ANS.B.
32. Inquiry letters are letters that:
- A. Ask for more information about a product or service.
 - B. Ask for credit.
 - C. Try to reactivate business.
 - D. Ask for an adjustment.
- ANS.A.
33. What is essential for meeting to successfully start?
- A. A quorum
 - B. The agenda
 - C. Proper seating arrangement
 - D. All the above
- ANS.D.
34. All the following are principles of business letter writing, except:
- A. Consideration
 - B. Directness
 - C. Precision
 - D. Ambiguity

ANS.B.

35. Which of the following is not a compulsory part of a business letter?
- A. Salutation
 - B. Close
 - C. Attention line
 - D. Body

ANS.D.

36. Which of the following is an example of a nonverbal message?
- A. Jargon
 - B. Eye contact
 - C. Mumbling
 - D. Yelling

ANS.B.

37. You send an email in the format of a good news letter of request. You carefully place each of 10 requests in a separate numbered paragraph, finishing off the email with the required completion date and a courteous close. Ten days after the completion date only five of the requests have been performed. What could have gone wrong?

- A. Your sentences and paragraphs were too long.
- B. The recipient only read the first screen.
- C. The recipient doesn't check their email regularly.
- D. You sent the email to the wrong person.

ANS.B.

38. You need to provide guidance to your work team on how to use a new database that will become operational next week. Which of the following would be the most suitable email type to convey the instructions?

- A. Announcement email.
- B. Instruction email.
- C. Authorization email.

ANS.B.

39. Which of the following is not a purpose of business blogging?

- A. Seeking feedback from clients.
- B. Correcting misinformation and rumours across the company.
- C. Criticising competitors.

ANS.C.

40. Arriving ahead of time for a meeting is an example of:
- A. Feedback
 - B. Body language
 - C. Non-verbal communication
 - D. Etiquette
- ANS.D.
41. The formal greeting with which a business letter begins is called
- A. Reference
 - B. Subject
 - C. Salutation
 - D. Body
- ANS.C.
42. The following is the permanent records for business
- A. Business Letters
 - B. Ledgers
 - C. Production reports
 - D. All of the above
- ANS.A.
43. Body of a letter is divided into _____ parts
- A. 1
 - B. 2
 - C. 3
 - D. 4
- ANS.C.
44. Business letters produce immediate effect because they are:
- A. Interesting
 - B. Brief
 - C. Formal
 - D. Informal
- ANS.C.
45. A memorandum (memo) is considered a brief form of written communication for:
- A. Internal use
 - B. External use
 - C. Formal Use
 - D. Legal use
- ANS.A.

II SHORT ANSWER TYPE QUESTIONS:

1. Write a note on salient features of written communication and show how it differs from oral communication.
2. What is the main purpose of a business letter? What points should the writer of a business letter keep in mind so that his purpose may be served best?
3. Why do we have more oral communication than written? Give reasons.
4. What are the three most important advantages of oral communication?
5. What is bio – data? What is the importance of enclosing bio – data with an application letter?
6. Write a note on the use of application blanks.
7. How would you address an application letter in response to an advertisement appearing in The Pioneer, New Delhi, giving a Post Box reference?
8. Formal are a thing of the past in modern business transactions. Discuss whether this is true.
9. “Most letters written in the course of business are important to the writer as well as the reader.” Show how this is the case.
10. How does a memo differ from a letter?
11. Writing marketing and sales letters offers challenges to the writer. Discuss some of these challenges.
12. Francis J. Bergin advocates that there are seven C’s to remember in verbal communication. Are these also applicable to written communication?
13. What is the art of writing persuasive letters?
14. How is the layout of writing a sales letter different from that of a resignation letter?
15. Which are the new styles of writing letters?
16. Which style of letter writing is suitable for business letters? Why?
17. What are interview letters?
18. Explain the full block and semi block styles of letter writing.
19. How important is it to be able to write a good letter in business?
20. Is it important to know the art of writing letters in a job?
21. Explain the difference between a positive news letter and a negative reply letter.
22. What are the difficulties faced by a writer while drafting a sales promotion letter?
23. Written communication is always formal. Comment, with reference to letters.
24. How is a request letter different from a negative reply letter?
25. What skills are essential to draft a good complaint letter?
26. Formal, stiff letters are a thing of the past in modern business transactions. Discuss whether this is true.
27. “Most letters written in the course of business are important to the writer as well as the reader.” Show how this is the case.
28. How does a memo differ from a letter?
29. Writing marketing and sales letters offers challenges to the writer. Discuss some of these challenges.
30. Write a note on the use of application blanks.
31. Write a note on salient features of written communication and show how it differs from oral communication.

32. What is the main purpose of a business letter? What points should the writer of a business letter keep in mind so that his purpose may be served best?
33. Write a note on the statement, "You can't not communicate".
34. Why do we have more oral communication than written? Give reasons
35. How would you address an application letter in response to an advertisement appearing in *The Pioneer*, New Delhi, giving a Post Box reference?

III LONG ANSWER TYPE QUESTIONS:

1. How does an organization reach out to a large audience through written communication? Take an example of such a communication and discuss its impact on the receiver/receivers.
2. What qualities of speech do you miss in written communication?
3. "Above all, a commercial letter must be designed to make easy reading." Discuss with suitable illustrations.
4. A good business letter never says 'no'. Do you agree? How can the writer of a business letter avoid the use of 'no'?
5. Differentiate between a letter and a memo.
6. Write a proposal letter to the Director/Dean of your institute for organizing an Excursion Trip for Jaipur for students of MBA.
7. What components you must keep in mind while writing your CVs? Support your answer by giving illustrations.
8. Company A wants to purchase raw material from Company B. write a commercial letter on behalf of Company A to Company B.
9. A business organization has invited applications for the position of Marketing Executives in the newspaper. You wish to apply for this job. Frame an application letter for the same.
10. Discuss the benefits of using Power point and visual aids when giving a presentation to a foreign audience.
11. "The question-answer session is an integral part of a presentation". Do you agree? How much time should be kept for the audience's questions in a presentation of about 30 minutes?
12. Write a letter to your relationship manager asking for premiums of various insurance policies.
13. Since you had lost your two-wheeler insurance policy, write a letter to the insurance company to issue a duplicate policy.
14. Write a letter to the HR manager of State bank of India to extend your joining date.
15. Your close friend has failed in bank exams. Write a letter to her giving your tips on how to clear the exams next time.
16. Write a letter to the editor of "The Hindu" mentioning about the parking problems in your area.
17. Write a letter to the editor of a newspaper about how insurance policies came to the help of people affected in recent Chennai floods.
18. Write a letter to your friend highlighting the importance of wearing helmet while riding bikes.
19. Write a letter to the manager of an insurance company requesting time to pay your premium amount.

20. What is a personal letter/informal letter?
21. What are cover letters? Discuss the importance of a good cover letter in getting a job.
22. Write a complaint letter to your phone service company regarding trouble in your connection.
23. Write a letter to your father asking for permission to apply overseas for higher education.
24. Write a letter to the Editor of 'India News' attracting attention towards an article on 'India and its history' which contained some errors. Make a request for a prompt correction showing the errors and should acknowledge the mistake as a responsible news agency.
25. You have purchased a digital camera. But the camera turned out to be faulty. You requested the shopkeeper to replace, but the shopkeeper did not pay any heed. Write a complaint to the Director of the camera company to take necessary steps to do justice.
26. What are cover letters? Discuss the importance of a good cover letter in getting a job.
27. Write a complaint letter to your phone service company regarding trouble in your connection.
28. Write a letter to your father asking for permission to apply overseas for higher education.
29. Write a letter to the Editor of 'India News' attracting attention towards an article on 'India and its history' which contained some errors. Make a request for a prompt correction showing the errors and should acknowledge the mistake as a responsible news agency.
30. You have purchased a digital camera. But the camera turned out to be faulty. You requested the shopkeeper to replace, but the shopkeeper did not pay any heed. Write a complaint to the Director of the camera company to take necessary steps to do justice.
31. You are the sales manager of a company manufacturing soaps and detergents. Write a report on the recent decline in the sale of your product and give some concrete suggestions for boosting sales.
32. Write an application in response to the following advertisement: "Wanted a Secretary for a business house in Mumbai; knowledge of import/export business essentials; must be accustomed to the control of large office staff. Apply giving particulars of qualifications, salary, expected, etc., to Box No. 1966, The Daily Mirror, Mumbai – 1"
33. Draft an application to Commar and Associates (Pvt.) Ltd., New Delhi, for the post of a lady receptionist – cum – stenotypist specially emphasizing your good command over English and your dignified personality.
34. As a volunteer for a non-profit organization in your town engaged in creating awareness for cancer, you have been asked to write the fundraising letter for the organisation. Write a letter explaining clearly and convincingly the purpose and need for the same.
35. Write a letter to MCD by informing them that from the last one month nobody has come to collect the garbage resulting in lot of problems in the area concerned. Assume all information needed to write such a letter to MCD.

UNIT - IV

I MULTIPLE CHOICE QUESTIONS

1. Which of the following is a barrier to communication?
 - A. Open mind
 - B. Empathetic attitude
 - C. Mistrust and non-cooperation
 - D. Positive attitudeANS.C.

2. Which of the following are examples of written communication?
 - A. Letters and voicemail
 - B. Reports and email
 - C. Circulars and voicemail
 - D. Presentations and emailANS.B.

3. Communication is the task of imparting _____
 - A. Training
 - B. Information
 - C. Knowledge
 - D. MessageANS.B.

4. AIDA plan stands for:
 - A. Attention, Interest, Desire, Action
 - B. Authority, Interest, Disclose, Accuracy
 - C. Accuracy, Internal, Diction, Attention
 - D. Action, Interest, Desire, AuthorityANS.A.

5. Effective communication is essentially a:
 - A. Three-way process
 - B. One-way process
 - C. Both a one-way and a two-way process
 - D. Two-way processANS.D.

6. An impromptu speech means:
 - A. A prepared speech delivered without any supporting aids
 - B. A speech delivered without any preparation
 - C. A speech delivered while referring to notes

D. A speech delivered by reading from notes
ANS.B.

7. Initially, a presentation is a form of:
- A. two-way communication
 - B. group communication
 - C. intrapersonal communication
 - D. one-way communication
- ANS.D.

8. In presentation design, maximum time is given to the:
- A. conclusion
 - B. introduction
 - C. question–answer session
 - D. main body
- ANS.D.

9. A presentation is a form of oral communication in which a person shares factual information with an audience that is:
- A. specific
 - B. mixed
 - C. large
 - D. small
- ANS.A.

10. The presenter acts as the:
- A. deliverer of the information
 - B. advocate of the information
 - C. medium of the information
 - D. supporter of the information
- ANS.B.

11. The three major elements of presentation do not include:
- A. visual aids
 - B. an audience
 - C. a presenter
 - D. specific content
- ANS.A.

12. The audience for a presentation consists of people who:
- A. are uninformed and lack a purpose
 - B. vary in their level of information and purpose
 - C. are confused in their purpose

D. are uniform in their level of information and purpose
ANS.B.

13. To be able to give a good presentation, a full rehearsal is:

- A. optional
- B. necessary
- C. useless
- D. audience based

ANS.B.

14. Reading out a presentation is:

- A. allowed
- B. not allowed
- C. helpful
- D. dull

ANS.B.

15. To make a presentation effective and impressive, you should use:

- A. passive sentences
- B. jargon
- C. complex sentences
- D. a simple and active form of sentences

ANS.D

16. To select the content of your presentation, you should know:

- A. the audience's needs
- B. the available material
- C. the time limits
- D. your purpose

ANS.A.

17. Reports present conclusions based on:

- A. belief
- B. investigation
- C. intuition
- D. impression

ANS.B.

18. The terms of reference for producing a specific report are given by the:

- A. organization
- B. reader
- C. writer

D. expert

ANS.A.

19. The index forms a part of the:

A. glossary

B. main body

C. end matter

D. front matter

ANS.C.

20. How many basic parts of a formal report are there?

A. Six

B. Three

C. Five

D. Four

ANS.C.

21. Which of the following is not a subsidiary part of a formal report?

A. Glossary

B. Table of contents

C. References

D. Appendix

ANS.D.

22. A cover letter is normally written by the:

A. report writer

B. reader

C. CEO

D. top management

ANS.D.

23. The chronological development of information in the body of the report is done according to the:

A. logical sequence of events

B. choice of the writer

C. order in which events occurred

D. collection of data

ANS.C.

24. The glossary is the list of:
- A. references
 - B. diagrams used in the report
 - C. technical terms used in the report
 - D. subjects covered in the report
- ANS.C.
25. Business research gives information to guide:
- A. stockholders
 - B. scholars
 - C. brokers
 - D. business decisions
- ANS.D.
26. The three major elements of presentation do not include:
- A. Visual aids
 - B. An audience
 - C. A presenter
 - D. Specific content
- ANS.A.
27. The audience for a presentation consists of people who:
- A. Are uninformed and lack a purpose
 - B. Vary in their level of information and purpose
 - C. Are confused in their purpose
 - D. Are uniform in their level of information and purpose
- ANS.B.
28. To be able to give a good presentation, a full rehearsal is:
- A. Optional
 - B. Necessary
 - C. Useless
 - D. Audience based
- ANS.B.
29. Reading out a presentation is:
- A. Allowed
 - B. Not allowed
 - C. Helpful
 - D. Dull
- ANS.B.
30. To make a presentation effective and impressive, you should use:
- A. Passive sentences
 - B. Jargon

- C. Complex sentences
 - D. A simple and active form of sentences
- ANS.D.

31. To be able to give a good presentation, a full rehearsal is:
- A. optional
 - B. necessary
 - C. useless
 - D. audience based
- ANS.B.

32. Reading out a presentation is:
- A. allowed
 - B. not allowed
 - C. helpful
 - D. dull
- ANS.B.

33. To make a presentation effective and impressive, you should use:
- A. passive sentences
 - B. jargon
 - C. complex sentences
 - D. a simple and active form of sentences
- ANS.D.

34. To select the content of your presentation, you should know:
- A. the audience's needs
 - B. the available material
 - C. the time limits
 - D. your purpose
- ANS.A.

35. In presentation design, maximum time is given to the:
- A. conclusion
 - B. introduction
 - C. question-answer session
 - D. main body
- ANS.D.

36. _____ of the letter consists of main message.
- A. Heading
 - B. Body
 - C. Greeting
 - D. Closing
- ANS.B.

37. _____ are usually short messages with natural, casual use of language.

- A. Formal reports
- B. Informal reports
- C. Short reports
- D. Progress report

ANS.B.

38. Circular letters are used:

- A. To send information to two people.
- B. To send the same information to a number of people.
- C. To communicate to other company.
- D. To send information inside a company.

ANS.B.

39. Another name of a synopsis is:

- A. Report
- B. Letter
- C. Abstract
- D. Text

ANS.C.

40. Memorandum is used to:

- A. Inform someone not related to your company.
- B. Communicate to someone within your own company.
- C. Communicate to other company.
- D. Communicate to the general public

ANS.B.

41. Which of the following is NOT a common element of e-mails?

- A. Subject line
- B. Brief paragraph or paragraphs
- C. Complimentary closing
- D. Name of sender

ANS.D.

42. Written communication is used mainly for:

- A. Understanding emotions of receiver
- B. Understanding emotions of sender
- C. Understanding receiver's message quickly
- D. Future reference and records

ANS.D.

43. Which of the communication media is fastest and cheapest?

- A. Letter
- B. Fax
- C. E-mail
- D. Telegram

ANS.C.

44. Which of the following are examples of written communication?
- A. Letters and voicemail
 - B. Reports and email
 - C. Circulars and voicemail
 - D. Presentations and email

ANS.B.

45. Readability is determined mainly by:
- A. Punctuation
 - B. Length of words
 - C. Active and passive voice
 - D. Spelling

ANS.B.

II SHORT ANSWER TYPE QUESTIONS:

1. Discuss the general principles of effective communication.
2. What are the barriers to communication?
3. Discuss the guidelines for overcoming communication barriers.
4. Show how offensive style is the greatest barrier to communication.
5. Write a note on socio – psychological barriers to communication.
6. “Communicators with similar mental filters are more likely to communicate effectively.” Discuss.
7. “There can be no such things as perfect communication.” Do you agree? Give a reasoned answer.
8. Explain how the wrong choice of the channel of communication acts as a barrier to communication.
9. How does personal opinions and prejudices of various individuals act as barriers to effective communication? Illustrate your answer with suitable example.
10. What are the major barriers to communication in organization?
11. How can we overcome organizational barriers to communication?
12. What are the important parts of visual communication? Explain.
13. Why have communication skills become an essential requirement for a successful career in any profession? Discuss with examples.
14. Describe how feedback acts as an essential element in the communication process.
15. Explain in brief the Communication Process.
16. What are the various barriers in the way of Business Communication? Explain how to overcome these barriers?
17. Bring out the difference between “conclusions” and “recommendations” in a report.
18. Draft a report for the occasion: Inauguration of a seminar on globalization.
19. Draft a report for the occasion: Retirement of a colleague
20. Draft a report for the occasion: Inauguration of a new branch of your bank

21. Write few important guidelines of making an effective presentation.
22. Write few important guidelines of writing a good project report.
23. What are the key differences to be kept in mind while writing a report for a university project and a business proposal?
24. Write few important guidelines of writing Minutes of the Meeting.
25. How is writing an office memorandum different from notice.
26. Explain in brief the Communication Process. What are the various barriers in the way of Communication? Explain how to overcome these barriers?
27. Write short notes on 'Qualities of a Good Report.'
28. How do we define 'minutes' of a meeting? Explain the objective and significance of minutes.
29. What is the object of having minutes signed and who can sign them? Are the minutes of a company meeting admissible as evidence in the court of law?
30. Explain the term "MEMO" and its format
31. Write notes on the following in not more than 50 words.
 - a. Types of Business Reports
 - b. Importance of Oral Communication and factors to be considered while making oral sales presentation.
32. Formal, stiff letters are a thing of the past in modern business transactions. Discuss whether this is true.
33. "Most letters written in the course of business are important to the writer as well as the reader." Show how this is the case.
34. How does a memo differ from a letter?
35. Writing marketing and sales letters offers challenges to the writer. Discuss some of these challenges.

III LONG ANSWER TYPE QUESTIONS:

1. "A communication barrier is any factor that interferes with the success of the communication process. These barriers may occur between any two of the communication process steps or may affect the steps in the process." In the light of above statement, enumerate and elaborate the most crucial barriers.
2. Explain with examples how the wrong choice of the channel of communication acts as a barrier to communication.
3. Discuss the classification of communication barriers. How do they affect a business organization?
4. What is a Newsletter? What kind of skills are required to write a good newsletter?
5. Write a report to the Director of your institution on the cause of indiscipline among students and ways to improve the situation. Keep in mind the format of report writing.
6. The basis of a report is a problem. What should be the first step necessary before moving further into the writing process? How is this type of a report writing different from standard report writing?
7. What are the steps involved in report writing? Enumerate these steps with a brief explanation of each step.

8. What are semantic barriers? How to overcome these barriers?
9. As a process of sharing thoughts and ideas, communication suffers from both physical and non-physical barriers. Explain with examples.
10. Show how offensive style is the greatest barrier to communication. Write a note on socio – psychological barriers to communication.
11. How does personal opinions and prejudices of various individuals act as barriers to effective communication? Illustrate your answer with suitable example.
12. What do you understand by Communication process? Explain barriers and gateways to communication?
13. “Body movements and interruptions distract both the speaker and the listener and present barriers to listening”. Comment
14. How to Overcome experiential barriers to intercultural communication? How important is it to study culture as a barrier to effective communication?
15. Discuss the importance of Oral Communication and factors to be considered while making Oral Sales Presentation.
16. Discuss the benefits of using Power point and visual aids when giving a presentation to a foreign audience.
17. “The question-answer session is an integral part of a presentation”. Do you agree? How much time should be kept for the audience’s questions in a presentation of about 30 minutes?
18. Explain the guidelines for Creating and Delivering Online Presentations effectively.
19. Discuss the differences between a classroom presentation and an online presentation.
20. What are the various presentation tools available in a business organization? How can they be effectively used to deliver a presentation?
21. How to prepare minutes of meetings? A meeting of all faculty members of school of management has been held on Nov 15, 2015 by the Dean of the school to discuss program of classes, completion of course curriculum, attendance of students etc. Draft minutes of the meeting held.
22. Draft the minutes of the meeting of the Board of Directors of the Indian Fiberglass company Private Limited, prior to the Annual General Meeting.
23. Draft the minutes of a Board meeting at which the following items were taken up: Approval of Company’s seal; Allotment of 500 Equity Shares to Mr. A and Appointment of Mr. X as the Secretary of the Company.
24. Write down important guidelines for preparing and delivering an effective presentation using online tools.
25. The content of the presentation is more important than the delivery of the presentation. Comment.
26. The reports should be audience – oriented. Why? What information is included on the title page of a report? What is the function of report introduction?
27. Write a report to the Director o your institution on the cause of indiscipline among students and ways to improve the situation. Keep in mind the format of report writing.
28. Write a report to the Director of your institution on the cause of indiscipline among students and ways to improve the situation. Keep in mind the format of report writing.
29. A business organization has invited application for the position of marketing executives in the newspaper. You wish to apply for this job. Frame an application letter and personal resume for the same.

30. The basis of a report is a problem. What should be the first step necessary before moving further into the writing process? How is this type of a report writing different from standard report writing?
31. Explain in brief principles of effective written communication. Write a commercial letter to all your dealers and distributors informing them about the importance of quality to be maintained when you are manufacturer of passenger car. Make required assumptions at the time of drafting such a letter.
32. What are the steps involved in report writing? Enumerate these steps with a brief explanation of each step.
33. How to prepare minutes of meetings? A meeting of all faculty members of school of management has been held on Nov 15, 2015 by the Dean of the school to discuss program of classes, completion of course curriculum, attendance of students etc. Draft minutes of the meeting held.
34. Discuss the influence of internet on the nature of communication.
35. A Meeting has to be called by the Head of Department for all faculty members, to discuss various matters relating to the Academic year 2017-18. Discuss:
 - a. What will be the Agenda and how to issue notice of the meeting?
 - b. Once meeting is over how to prepare minutes of the same to be circulated?

QUESTION BANK

**COMPUTER
APPLICATION**

B.COM 109

QUESTION BANK
COMPUTER APPLICATION - B.COM(H) – 109
B.COM -I SEMESTER

UNIT – I

I MULTIPLE CHOICE QUESTIONS:

1. Which of the following computer implemented binary numbers, perform calculations using electronics and implemented separate computation and memory for the first time?
- A. Mark I
 - B. ABC
 - C. Z3
 - D. None of above

ANS B

2. The memory which is programmed at the time it is manufactured
- A. ROM
 - B. RAM
 - C. PROM
 - D. EPROM

ANS D

3. Which of the following memories needs refreshing?
- A. SRAM
 - B. DRAM
 - C. ROM
 - D. All of above

ANS B

4. An output device that uses words or messages recorded on a magnetic medium to produce audio response is
- A. Magnetic tape
 - B. Voice response unit
 - C. Voice recognition unit
 - D. Voice band

ANS B

5. Which of the items below are considered removable storage media?
- A. Removable hard disk cartridges
 - B. (Magneto-optical) disk
 - C. Flexible disks cartridges
 - D. All of the above

ANS D

6. Which of the following is not purely output device?

- A. Screen
- B. Printer
- C. Speaker
- D. Plotter

ANS A

7. Who developed a mechanical device in the 17th century that could add, subtract, multiple, divide and find square roots?

- A. Napier
- B. Babbage
- C. Pascal
- D. Leibniz

ANS D

8. The first Macintosh computer was from

- A. First generation
- B. Second generation
- C. Third generation
- D. Fourth generation

ANS D

9. Which of the following is not a form of data?

- A. numbers and characters
- B. images
- C. sound
- D. none of above

ANS D

10. Which is not a computer classification?

- A. mainframe
- B. maxframe
- C. mini
- D. notebook

ANS B

11. The control unit of a microprocessor

- A. Stores data in the memory
- B. Accepts input data from keyboard
- C. Performs arithmetic/logic function
- D. None of above

ANS D

12. Which of the following is internal memory?

- A. Disks
- B. Pen Drives

- C. RAM
- D. CDs

ANS C

13. Which operation is not performed by computer?

- A. Inputting
- B. Processing
- C. Controlling
- D. Understanding

ANS D

14. Floppy disks which are made from flexible plastic material are also called?

- A. Hard disks
- B. High-density disks
- C. Diskettes
- D. Templates

ANS C

15. The magnetic storage chip used to provide non-volatile direct access storage of data and that have no moving parts are known as

- A. Magnetic core memory
- B. Magnetic tape memory
- C. Magnetic disk memory
- D. Magnetic bubble memory

ANS D

16. A collection of related instructions organized for a common purpose is referred to as

- A. File
- B. Database
- C. Program
- D. None of above

ANS C

17. Computer instructions written with the use of English words instead of binary machine code is called

- A. Mnemonics
- B. Symbolic code
- C. Gray codes
- D. Opcode

ANS B

18. Hard disk is a:

- A. Magnetic Device
- B. Mechanical Device
- C. Optical Device
- D. Magneto-Optical Device

ANS A

19. On which aspect the analog computers are better than digital?
- A. Speed
 - B. Accuracy
 - C. Reliability
 - D. Automatic

ANS B

20. How many numbers could ENIAC store in its internal memory
- A. 100
 - B. 20
 - C. 80
 - D. 40

ANS B

21. A nibble consists of:
- A. 2 bits
 - B. 4 bits
 - C. 8 bits
 - D. 16 bits

ANS B

22. Mouse is a:
- A. Input Device
 - B. Output Device
 - C. Storage Device
 - D. Point & Draw Device

ANS A

23. Vacuum tubes were used in:
- A. 1st Generation Languages
 - B. 2nd Generation Languages
 - C. 3rd Generation Languages
 - D. 4th Generation Languages

ANS A

24. All devices that are controlled by central processing unit but are not part of it are called
- A. Peripheral devices
 - B. Arithmetic units
 - C. Control unit devices
 - D. Main store devices

ANS A

25. Which of the following is used in the Banking Industry for the processing of cheques?

- A. OMR
- B. OCR
- C. MICR
- D. Bar Code

ANS C

26. Which part of Central Processing Unit (CPU) performs calculation and makes decision?

- A. American Logic Unit
- B. Alternating Logic Unit
- C. Arithmetic Logic Unit
- D. Alternate Local Unit

ANS C

27. CD ROM stands for?

- A. Computer Disc Read Only Memory
- B. Compact Disc Read Over Memory
- C. Compact Disc Read Only Memory
- D. Computer Disc Read Over Memory

ANS C

28. A key board has at least:

- A. 91 Keys
- B. 101 Keys
- C. 111 keys
- D. 121 keys

ANS B

29. Which is the largest unit of storage among the following?

- A. Terabyte
- B. Megabyte
- C. Kilobyte
- D. Gigabyte

ANS A

30. The set of computers that manage the hardware/software of a computer is called:

- A. Compiler System
- B. Operation System
- C. Operating System
- D. None of these

ANS C

II SHORT ANSWER TYPE QUESTIONS:

1. What is a CDROM? How is it different from hard disk?
2. How many tracks are recorded on a commercial disk pack?
3. What is a major application of DVD ROM. Explain Graphic tablet
4. Explain Scanners
5. How data recorded on and read from an optical disk?
6. Write full forms of following: IBM, ENIAC, EDVAC, EDSAC, UNIVAC.
7. With the help of a diagram explain computer system.
8. Explain Cache memory.
9. What do you mean by IC?
10. Differentiate between Hardware, Software and Human-ware?
11. What do you mean by Mainframe Computers? Explain its Components.
12. What is UPC? In which I/O device it is used?
13. What is a Trackball? How is it different from a Mouse?
14. What is Information Kiosk? What are its uses?
15. Differentiate between a Serial and a Bus Mouse.
16. What do you understand by Hard-copy and Soft-copy outputs?
17. What is Microprocessor? How it helped in further growth of Computer Industry?
18. Explain the Traditional classification of Computers.
19. What is flash Memory? Why it is so called?
20. How Smartphone is different from PDA?
21. Why Modern computers are also known as Parallel Computers?
22. What are the uses of magnetic disks?
23. What are the main Memory Storage devices?
24. What is the difference between magnetic disk, magnetic tape and optical disk
25. What do you mean by RAM? Explain its types?
26. What are the characteristics of a computer?
27. What is the difference between RAM and ROM?
28. What are the different forms of secondary memory?
29. Write a short note on scanners.
30. What are the functions of ROM?

III LONG ANSWER TYPE QUESTIONS:

1. Explain various computer generations?
2. Explain the working of a Mouse.
3. Explain different classification of computer systems
4. Describe briefly the main principle of LCD.
5. Draw and explain the block diagram of digital computer.
6. Explain different types of computers.
7. Explain the difference between primary & secondary storage devices in detail.
8. Distinguish between a sequential access, a direct access, and a random-access storage device. Give one example of each.
9. What is secondary storage? How does it differ from a primary storage?

10. What are the characteristics of a mass storage system? Why are they referred to as archival storage?
11. How does a computer process information?
12. What are the components of the computer system?
13. What is computer memory? How are data stored.
14. What do you understand by Point-and-Draw devices? Explain various commonly used Point-and-Draw devices.
15. What are Data Scanning devices Explain its features and types?
16. Differentiate between Impact Printers and Non- impact Printers. Explain any two examples each of both the types.
17. Is there any difference between Mainframe Computers and Mainframe Systems? Explain various components of Mainframe Systems.
18. Write advantages and limitations of optical disks as a secondary storage device.
19. What is a Hard disk? Explain its various types.
20. Explain Short notes on:
 - NIC
 - Workstations
 - Client and Server Computers
 - Motion Video Card
 - Expansion Slots
21. Distinguish between the following:
 - Sequential mode and Random Mode
 - Static RAM and Dynamic RAM
 - Magnetic Tape and Magnetic Disk
22. What are the characteristics of a mass storage system? Why are they referred to as archival storage?
23. In the context of magnetic disk storage, define the following terms and give the relationship among them (if any):
 - (a) Track (b) Cylinder (c) Sector (d) Disk address (e)Cluster
24. What are data scanning devices? Explain its characteristics and types.
25. What is LCD? Differentiate between CRT and LCD monitors.
26. Explain Super computer, mainframe and personal computers
27. Briefly describe the functions of different units of a Computer.
28. Explain the memory hierarchy of a computer system.
29. Explain the functioning and structure of CPU or Processor with the help of a diagram.
30. Discuss in brief various characteristics of Computers.

UNIT - II

I MULTIPLE CHOICE QUESTIONS:

1. A page fault occurs
 - A. when the page is not in the memory
 - B. when the page is in the memory
 - C. when the process enters the blocked state
 - D. when the process is in the ready stateANS A

2. Process is
 - A. Program in High level language kept on disk
 - B. Contents of main memory
 - C. A program in execution
 - D. A job in secondary memoryANS C

3. What is a shell?
 - A. It is a hardware component
 - B. It is a command interpreter
 - C. It is a part in compiler
 - D. It is a tool in CPU schedulingANS B

4. A system program that sets up an executable program in main memory ready for execution is
 - A. Assembler
 - B. Linker
 - C. Loader
 - D. CompilerANS C

5. Routine is not loaded until it is called. All routines are kept on disk in a relocatable load format. The main program is loaded into memory & is executed. This type of loading is called _____
 - A. Static loading
 - B. Dynamic loading
 - C. Dynamic linking
 - D. OverlaysANS C

6. In the blocked state
 - A. the processes waiting for I/O are found
 - B. the process which is running is found
 - C. the processes waiting for the processor are found

D. none of the above

ANS A

7. A system program that combines the separately compiled modules of a program into a form suitable for execution

A. Assembler

B. Linking Loader

C. Cross-compiler

D. Load and go

ANS B

8. Virtual memory is _____.

A. An extremely large main memory

B. An extremely large secondary memory

C. An illusion of extremely large main memory

D. A type of memory used in super computers.

ANS C

9. Bug means

A. logical error in a program

B. A difficult syntax error in a program

C. Documenting programs using an efficient documentation tool

D. All of the above

ANS A

10. In the running state

A. Only the process which has control of the processor is found

B. All the processes waiting for I/O to be completed are found

C. All the processes waiting for the processor are found

D. None of the above

ANS A

11. Multiprogramming systems _____.

A. Are easier to develop than single programming systems

B. Execute each job faster

C. Execute more jobs in the same time

D. Are used only on large main frame computers

ANS C

12. Which is not the state of the process?

A. Blocked

B. Running

C. Ready

D. Privileged

ANS D

13. A thread
- A. is a lightweight process where the context switching is low
 - B. is a lightweight process where the context switching is high
 - C. is used to speed up paging
 - D. none of the above
- ANS A
14. The state of a process after it encounters an I/O instruction is _____.
- A. Ready
 - B. Blocked/Waiting
 - C. Idle
 - D. Running
- ANS B
15. The number of processes completed per unit time is known as _____.
- A. Output
 - B. Throughput
 - C. Efficiency
 - D. Capacity
- ANS B
16. _____ is the situation in which a process is waiting on another process, which is also waiting on another process ... which is waiting on the first process. None of the processes involved in this circular wait are making progress.
- A. Deadlock
 - B. Starvation
 - C. Dormant
 - D. None of the above
- ANS A
17. Which of the following file name extension suggests that the file is Backup copy of another file?
- A. TXT
 - B. COM
 - C. BAS
 - D. BAK
- ANS D
18. Which technique was introduced because a single job could not keep both the CPU and the I/O devices busy?
- A. Time-sharing
 - B. Spooling
 - C. Preemptive scheduling
 - D. Multiprogramming
- ANS D

19. PCB stands for
- A. Program Control Block
 - B. Process Control Block
 - C. Process Communication Block
 - D. None of the above
- ANS B
20. FIFO scheduling is _____.
- A. Preemptive Scheduling
 - B. Non Preemptive Scheduling
 - C. Deadline Scheduling
 - D. Fair share scheduling
- ANS B
21. Which of the following systems software does the job of merging the records from two files into one?
- A. Security software
 - B. Utility program
 - C. Networking software
 - D. Documentation system
- ANS B
22. FORTRAN is a programming language. What does FORTRAN stand for?
- A. File Translation
 - B. Format Translation
 - C. Formula Translation
 - D. Floppy Translation
- ANS C
23. With which memory can the system run programs that are larger than the Primary memory of the system?
- A. Cache memory
 - B. Virtual Memory
 - C. Primary Memory
 - D. None of these
- ANS B
24. The substitution made by the OS between the processes to allocate space is.....
- A. Swapping
 - B. Deadlock
 - C. Fragmentation
 - D. Paging
- ANS A

25. Switching the CPU to another Process requires to save state of the old process and loading new process state is called as _____.

- A. Process Blocking
- B. Context Switch
- C. Time Sharing
- D. None of the above

ANS A

26. Which is the first step in the evolution of programming languages?

- A. Machine language
- B. Assembly language
- C. Code language
- D. None of these

ANS B

27. To represent addresses in assembly language we use:

- A. String characters
- B. Arrays
- C. Structure
- D. Symbolic Codes

ANS A

28. Which types of error are detected by the assembler?

- A. Syntax error
- B. Logical error
- C. Run time error
- D. None of these

ANS A

29. What is operating system?

- A. collection of programs that manages hardware resources
- B. system service provider to the application programs
- C. link to interface the hardware and application programs
- D. All of these

ANS D

30. _____ converts the programs written in assembly language into machine instructions.

- A. Machine compiler
- B. Interpreter
- C. Assembler
- D. Converter

ANS C

II SHORT ANSWER TYPE QUESTIONS:

1. What is an operating system? Why is it necessary for a computer system?
2. What is RTOS?
3. What do you understand by GUI?
4. What is the difference between "Name" of a file and its "Attributes"?
5. Differentiate between compiler and interpreter.
6. Discuss the analogy between a computer language and a natural language.
7. What is an Assembler? How its translation process works?
8. Why do Machine and Assembly languages are often referred as Low-level languages?
9. Highlight the difference between a source program and an object program.
10. What does "Freeware" and "Shareware" mean?
11. What is Software? Give its classification.
12. Define the following terms:
 - Throughput
 - Turnaround time
13. What is a process in a computer system? Explain life cycle of a process diagrammatically.
14. What is batch processing? How are jobs typically executed in a batch processing system?
15. Differentiate between I/O bound and CPU bound jobs.
16. What is time sharing? What is a time slice?
17. Differentiate between sequential access and random-access files.
18. What is a file management system?
19. What is the difference between a master file and a transaction file?
20. What are desktop icons? Describe some of the desktop icons.
21. Discuss the features of Window 7.
22. Discuss Control Panel.
23. How does a short-term scheduler work?
24. How does a process differ from a program?
25. Differentiate between Preemptive and non-preemptive scheduling.
26. Write a short note on compiler.
27. Explain the difference between high level language and low level language.
28. What are the advantages and disadvantages of high level languages?
29. Write a short note on CUI.
30. What are the functions of an Operating System?

III LONG ANSWER TYPE QUESTIONS:

1. Explain the role of an operating system w.r.t. following:
 - Process management
 - Memory Management
 - File management
 - Security
 - Command Interpretation
2. What is the difference between a uni-programming system and a multiprogramming system? What are their relative advantages and disadvantages?

3. What are the different types of operating systems?
4. What is an operating system? Explain its functions regarding memory management and file management.
5. What is multithreading? How threads are different from a process?
6. What types of hardware facilities are required for a timesharing computer system?
7. What is Virtual memory? How it is implemented.
8. How multiprogramming is different from multiprocessing?
9. Explain various functions performed by an operating system.
10. What are compilers and interpreters? Discuss their relative advantages and disadvantages.
11. Discuss various types of interfaces in the OS.
12. Name any four popular Operating Systems. Describe any two them in detail.
13. What are the advantages and limitations of High-level languages as compared to machine and assembly languages?
14. Differentiate between Syntax errors and logical errors found in computer programs. Which type of error is more difficult to detect and correct?
15. What do you mean by "Linker" and "Loader". Why these are required?
16. Write down the features of HLL and explain any five examples of it.
17. What is Thread and what are the advantages of threads? Explain multi-threading models in detail.
18. Distinguish between System software and Application Software. Explain different types of Application software.
19. Write A Short Note On:
 - Address Bar And Status Bar
 - Disk Defragmenter
 - Windows Explorer
 - Narrator
 - Themes
 - Calculator
20. Explain the working of an Operating system.
21. Discuss the components of an OS.
22. What is the role of OS in Security Management?
23. Differentiate between "File" and "Folder". How these two are managed in windows?
24. Write a short note on:
 - Jump Lists
 - Thumbnails
 - Gadgets
 - Aero Themes
25. Explain accessories of Windows 7
26. Write a short note on MS DOS, Windows family of OS and Linux OS.
27. What is system software and what are its purposes?
28. Describe the 2 categories of system software.
29. Explain the three categories of programming languages.
30. List the key features of Assembly language, machine language and high-level languages.

UNIT - III

I MULTIPLE CHOICE QUESTIONS:

1. What is gutter margin?
 - A. Margin that is added to the left margin when printing
 - B. Margin that is added to right margin when printing
 - C. Margin that is added to the binding side of page when printing
 - D. Margin that is added to the outside of the page when printingANS C

2. Which of the following is graphics solution for Word Processors?
 - A. Clipart
 - B. WordArt
 - C. Drop Cap
 - D. All of the aboveANS A

3. A bookmark is an item or location in document that you identify as a name for future reference. Which of the following task is accomplished by using bookmarks?
 - A. To add anchors in web page
 - B. To mark the ending of a paragraph of document
 - C. To quickly jump to specific location in document
 - D. To add hyperlinks in webpageANS C

4. Thesaurus tool in MS Word is used for
 - A. Spelling suggestions
 - B. Grammar options
 - C. Synonyms and Antonyms words
 - D. All of the aboveANS C

5. AutoCorrect was originally designed to replace _____ words as you type.
 - A. Short, repetitive
 - B. Grammatically incorrect
 - C. Misspelled
 - D. None of the aboveANS C

6. Which of the following is not one of the three 'Mail Merge Helper' steps?
 - A. Merge the two files
 - B. Create the main document
 - C. Set the mailing list parameters
 - D. Create the data sourceANS C

7. The feature of Word that automatically adjusts the amount of space between certain combination of characters so that an entire word looks more evenly spaced. What is that feature called?
- A. Spacing
 - B. Scaling
 - C. Kerning
 - D. Positioning

ANS C

8. How can you apply exactly the same formatting you did to another text?
- A. Copy the text and paste in new location. Then type the new text again.
 - B. Copy the text and click on Paste Special tool on new place
 - C. Select the text then click on Format Painter and select the new text
 - D. All of above

ANS B

9. Which of the following formulas will Excel Not be able to calculate?
- A. =SUM(Sales)-A3
 - B. =SUM(A1:A5)*.5
 - C. =SUM(A1:A5)/(10-10)
 - D. =SUM(A1:A5)-10

ANS A

10. How many characters can be typed in a single cell in Excel?
- A. 256
 - B. 1024
 - C. 32,000
 - D. 65,535

ANS D

11. Getting data from a cell located in a different sheet is called ...
- A. Accessing
 - B. Referencing
 - C. Updating
 - D. Functioning

ANS B

12. The auto calculate feature
- A. Can only add values in a range of cells
 - B. Provides a quick way to view the result of an arithmetic operation on a range of cells
 - C. Automatically creates formulas and adds them to a worksheet
 - D. Both (a) and (c)

ANS B

13. What does the VLOOKUP function do?
- A. Looks up text that contain 'v'
 - B. Checks whether text is the same in one cell as in the next
 - C. Finds related record
 - D. All the above
- ANS C
14. What term refers to a specific set of values saved with the workbook?
- A. Range
 - B. Scenario
 - C. Trend line
 - D. What-if analysis
- ANS B
15. When integrating MS-Word and Excel, Word is usually the
- A. Server
 - B. Source
 - C. Client
 - D. None
- ANS C
16. When you see a cell with a red triangle in the top right corner, what does this signify?
- A. There is an error in the cell
 - B. There is a comment associated with the cell
 - C. The font color for text in the cell is red
 - D. A formula cannot be entered into the cell
- ANS B
17. Which function will you use to enter current time in a worksheet cell?
- A. =today()
 - B. =now()
 - C. =time()
 - D. =currentTime()
- ANS B
18. The autofill feature
- A. Extends a sequential series of data
 - B. Automatically adds a range of cell values
 - C. Applies a boarder around selected cells
 - D. None of above
- ANS A
19. Except for the function, a formula with a logical function shows the word "TRUE" or "FALSE" as a result
- A. IF
 - B. AND
 - C. OR

D. NOT
ANS A

20. What symbol is used before a number to make it a label?
- A. “ (quote)
 - B. = (equal)
 - C. _ (underscore)
 - D. ‘ (apostrophe)

ANS C

21. To create an interactive Pivot Table for the web, you use a Microsoft Office Web component called
- A. HTML
 - B. Pivot Table Field List
 - C. Pivot Table List
 - D. Pivot Table Report

ANS D

22. Special effects used to introduce slides in a presentation are called
- A. effects
 - B. custom animations
 - C. transitions
 - D. present animations

ANS C

23. Which of the following can you use to add times to the slides in a presentation?
- A. Slice Show menu
 - B. Rehearse timing button
 - C. Slide transition button
 - D. All of the above

ANS B

24. Which option can be used to set custom timings for slides in a presentation?
- A. Slider Timings
 - B. Slider Timer
 - C. Rehearsal
 - D. Slide Show Setup

ANS C

25. The quickest way to create a PowerPoint presentation is to use the.....
- A. Word for windows templates
 - B. Auto creation wizard
 - C. Auto content wizard
 - D. Presentation wizard

ANS C

26. What lets you to create new presentation by selecting ready-made font color and graphics effects?

- A. Presentation Template
- B. Master Slide
- C. Design Template
- D. Animation Scheme

ANS C

27. The difference between Slide Design and Auto Content Wizard is

- A. Both are same
- B. AutoContent Wizard is just the wizard version of Slide Design
- C. Slide Design does not provide sample content, but Auto Content Wizard provides sample content too!
- D. Slide Design asks your choice in steps, but Auto Content Wizard does not let you make choices

ANS C

28. When you cut and paste something, it is temporarily transferred to.....

- A. Another partition on the hard drive
- B. Virtual memory
- C. Swap File
- D. Clipboard

ANS D

29. Which of the following is not a part of Slide Design?

- A. Design Template
- B. Color Scheme
- C. Animation Scheme
- D. Slide Layout

ANS D

30. You can check the conditions against _____ when applying conditional formatting

- A. Cell value
- B. Formula
- C. Both A and B
- D. None of the above

ANS C

31. Which of the following section does not exist in a slide layout?

- A. Titles
- B. Lists
- C. Charts
- D. Animations

ANS D

32. A new presentation can be created from
- A. Blank presentation
 - B. Existing presentation
 - C. From design template
 - D. All of the above

ANS D

II SHORT ANSWER TYPE QUESTIONS:

1. What is Microsoft Excel?
2. How Workbook is different from Worksheet?
3. Explain the various ways to start MS-word.
4. What is the difference between "Undo" and "Redo" Command?
5. Describe the components of Mail Merge briefly.
6. How do I set Tabs?
7. How many rows and columns are there in Microsoft Excel 2016 and later versions?
8. What is the difference between function and formula in MS-Excel?
9. What is Chart in MS-Excel? Why is it important to you an appropriate chart?
10. What is a Word Processor? name any three Word processing Software.
11. Is there any difference between "Save" and "Save as" command? Give the reason in support of your ANS.
12. What is the use of AutoSum Button in a worksheet?
13. Explain the steps to covert Text into a Table in MS-word.
14. Differentiate between Word document and Template.
15. What is Bookmark?
16. Why do we use Bullets and Numbering option in MS-Office?
17. What is the difference between Clip Art and WordArt?
18. Describe briefly any four types of charts used in Excel.
19. Why and when Error occurs in Excel? State any two examples of such errors.
20. What is the meaning of "Legend" in a Worksheet?
21. How can we change the Date Format in a Worksheet?
22. Can a Duplicate Slide be prepared in PowerPoint? If yes, explain how?
23. How will you add graph in your presentation?
24. Why is timing required between slides in PowerPoint?
25. How a "Cell" is different form "Range of Cells"?
26. How to add filter in Ms Excel?
27. How to add real time and date without entering manually?
28. Explain the procedure of Creating a new Presentation.
29. What is the process of adding bibliography references in word?
30. Write a short note on worksheet management.

III LONG ANSWER TYPE QUESTIONS:

1. Explain the AutoCorrect feature in MS-Word.
2. What do you understand by MS-Excel? Discuss its features.
3. Describe the steps involved in Creating a Chart.

4. How Filtering tool is helpful in Worksheet?
5. What is the use of Table in MS-Word? How Formatting of text is done?
6. Explain the different Components of MS-Word?
7. Discuss the operations of Insertion and deletion of rows and columns in a worksheet.
8. Explain the steps to format cells in Excel.
9. What is Referencing? What are the different types of Cell References?
10. What is the significance of Header and Footer? How to apply it in MS-word?
11. Explain the Spelling and Grammar Check feature of MS-Word.
12. How graphics can be added in a document?
13. What do you mean by MS-Word? Explain its features and advantages.
14. Explain the "Find and Replace" feature of MS-Word. How is it executed?
15. How Formulas are different from Functions? Show the steps involved in inserting Functions.
16. Describe the steps and commands for the following in MS-Word:
 - Opening a document
 - Creating a document
 - Saving a document
 - Printing a document
17. What is Alignment and Indentation?
18. Describe the following Functions with the help of an example:
 - Text function
 - Financial function
 - Statistical Function
 - Mathematical Function
19. Ramesh Ahuja wants to store data of his monthly expenditure over the last financial year. Which of the Office application is most suitable for this purpose?
20. Write formulas for the operations (i) – (iv) based on the spreadsheet given below along with the relevant cell address:

	A	B	C	D	E	F	G
1	SNO	Name	Science	Maths	Computers	Total	Average
2	1	Swati	70	80	87	--	--
3	2	Shruti	90	98	89	--	--
4	3	Neelu	90	90	98	--	--
5	4	Rosy	60	76	79	--	--
6	5	Shreya	50	45	67	--	--
7	Max				--		
8	Total		--				

- a. To calculate the Total Marks as sum of Science, Maths & Computers for each student and display them in column F.
 - b. To calculate the average marks for each student and display them in column G.
 - c. To calculate the highest marks in Computers and display it in cell E7.
 - d. To calculate the total number of students appearing for the Science test and display it in cell C8.
21. What is a Slide? Explain all the slide views in PowerPoint.

22. What is the role played by Masters in Powerpoint? Discuss its types.
23. Briefly discuss the Anatomy of PowerPoint.
24. Write a note on the following terms w.r.t PowerPoint:
 - Template
 - Transitions
 - Animations
 - Wizard
25. How can we create Customised Slide Show in powerPoint?
26. Explain Mail merge and its process of execution.
27. Why do we add multimedia effects in our presentation and also explain how it is done?
28. What is the importance of "Thesaurus" feature?
29. Write a short note on PowerPoint along with its 10 features.
30. What do you mean by Formatting? What are the various types of Formatting?

UNIT - IV

I MULTIPLE CHOICE QUESTIONS:

1. Which of the following is considered a broad band communication channel?
 - A. Coaxial cable
 - B. Fiber optics cable
 - C. Microwave circuits
 - D. All of above
 ANS D

2. Which of the following is not a transmission medium?
 - A. Telephone lines
 - B. Coaxial cables
 - C. Modem
 - D. Microwave systems
 ANS C

3. Which of the following is an advantage to using fiber optics data transmission?
 - A. Resistance to data theft
 - B. Fast data transmission rate
 - C. Low noise level
 - D. All of above
 ANS D

4. Which of the following is required to communicate between two computers?
 - A. Communications software
 - B. Protocol
 - C. Communication hardware

D. All of above including access to transmission medium
ANS D

5. Which of the following performs modulation and demodulation?

- A. Fiber optics
- B. Satellite
- C. Coaxial cable
- D. Modem

ANS D

6. The process of converting analog signals into digital signals so they can be processed by a receiving computer is referred to as:

- A. Modulation
- B. Demodulation
- C. Synchronizing
- D. Digitizing

ANS D

7. Which of the following communication modes support two-way traffic but in only one direction at a time?

- A. Simplex
- B. half duplex
- C. three-quarters duplex
- D. all of the above

ANS B

8. Which of the following might be used by a company to satisfy its growing communications needs?

- A. Front end processor
- B. Multiplexer
- C. Controller
- D. Concentrator
- E. All of the above

ANS E

9. Which data communication method is used to transmit the data over a serial communication link?

- A. Simplex
- B. Half-duplex
- C. Full-duplex
- D. None of above

ANS C

10. What is the minimum number of wires needed to send data over a serial communication link layer?

- A. 1
- B. 2
- C. 4

D. 6
ANS B

11. Which of the following types of channels moves data relatively slowly?

- A. wide band channel
 - B. voice band channel
 - C. narrow band channel
- ANS C

12. Which of the following communications lines is best suited to interactive processing applications?

- A. narrow band channel
 - B. simplex lines
 - C. full duplex lines
 - D. mixed band channels
- ANS C

13. Which of the following is an advantage to using fiber optics data transmission?

- A. resistance to data theft
 - B. fast data transmission rate
 - C. low noise level
 - D. all of above
- ANS D

14. Which of the following is required to communicate between two computers?

- A. communications software
 - B. protocol
 - C. communication hardware
 - D. all of above including access to transmission medium
- ANS D

15. Which was the first satellite launched by COMSAT_____

- A. Early bird
 - B. Intelsat I
 - C. ATS-6
- ANS A

16. Each set of bit pattern is called

- A. Code
 - B. Unicode
 - C. Coding
 - D. ASCII
- ANS A

17. Data communications are transfer of data through some

- A. transmission medium
- B. linear medium

- C. Network LAN
 - D. Protocols
- ANS A
18. Both station can transmit and receive data simultaneously in
- A. simplex mode
 - B. Half duplex mode
 - C. Full duplex mode
 - D. None of Above
- ANS C
19. Data communications are transfer of data through some
- A. transmission medium
 - B. linear medium
 - C. Network LAN
 - D. Protocols
- ANS A
20. Which of the following items is not used in LANs?
- A. Computer Modem
 - B. Cable
 - C. Modem
 - D. Interface Card
- ANS C
21. An inter-company network which is used to distribute information documents files and database is called
- A. MAN
 - B. WAN
 - C. LAN
 - D. Switch
- ANS B
22. In OSI network architecture, the routing is performed by
- A. Data Link Layer
 - B. Network Layer
 - C. Session Layer
 - D. Transport Layer
- ANS B
23. Hub is associated with _____ network.
- A. Bus
 - B. Star
 - C. Ring
 - D. Mesh
- ANS B

24. A combination of hardware and software that allows communication and electronic transfer of information between computer is a
- A. Network
 - B. Server
 - C. Peripheral
 - D. Backup system
- ANS A
25. _____ is the transmission of data between two or more computer over communication links.
- A. Data Communication
 - B. Data Networking
 - C. Networking
 - D. Communication
- ANS A
26. To join the internet, the computer has to be connected to a
- A. internet architecture board
 - B. internet society
 - C. internet service provider
 - D. none of the mentioned
- ANS B
27. Which one of the following protocol is not used in internet?
- A. HTTP
 - B. DHCP
 - C. DNS
 - D. None of the above
- ANS D
28. Transport Layer is also known as _____.
- A. Communication Layer
 - B. Hardware Layer
 - C. Software Layer
 - D. None of above
- ANS A
29. DNS stands for _____.
- A. Domain Name System
 - B. Dynamic Network Service
 - C. Detail Name Server
 - D. All of above
- ANS A
30. ISDN stands for: -
- A. Integrated services digital network
 - B. Integral severe digital network

C. Integrated several digital network
ANS A

II SHORT ANSWER TYPE QUESTIONS:

1. What is a computer network? How is it useful?
2. Identify the basic elements of a communication system and the purpose of each.
3. Explain different modes of data transmission.
4. What is a co-axial cable? Where is it used?
5. Differentiate between Analog and Digital Signals.
6. What is an optical fiber? How is it used for data communications? What are its advantages?
7. What is a modem?
8. What is WAN? How is it different from MAN?
9. What is a communication protocol?
10. What the term NIC indicates?
11. Explain the term bandwidth and Baud?
12. What is the purpose of Gateways?
13. How Modulation is different from Demodulation?
14. Explain the mesh topology.
15. What is FTP? List the steps used to upload and download a file using FTP.
16. Give full form of:
(a) HTML (b) URL (c) HTTP (d) WWW (e) FTP (f) SGML
17. Briefly explain
 - Repeater
 - Bridge
 - Router
 - Gateway
18. How P2P Network is different from Client/Server Network?
19. Between AM and FM, which one gives better noise immunity?
20. Why is layering used in design of Communication Networks?
21. What is the use of IT in Banking and Insurance?
22. How Information technology is used for controlling Inventory?
23. How Firewall prevents unauthorised use to the computer system?
24. Discuss any four types of Virus?
25. What is Digital Signature?
26. Differentiate between Intranet and Extranet.
27. Explain any 3 network topologies.
28. What is a domain name system?
29. Explain few features of Gmail.
30. What is WAN? How is it different from MAN?

III LONG ANSWER TYPE QUESTIONS:

1. Discuss various types of Computer networks.
2. Explain guided media of transmission.
3. Discuss unguided media of transmission.
4. Explain the OSI model.
5. Distinguish between Guided and unguided media.
6. Discuss Data communication system along with its components.
7. What do you understand by WWW? Explain in detail.
8. What are the various advantages and disadvantages of Computer Network?
9. How are communication satellites used? What are the possible advantages and limitations of using it?
10. What is Internet? Give some uses of Internet. Also state the services provided by Internet.
11. Explain the difference between Internet, Intranet and Extranet.
12. What are the different types of data transmission media? Briefly explain them.
13. Write short notes on any two of the following: -
 - a. IP Address
 - b. Modem
 - c. TCP
14. Why do computer networks need Communication Protocols?
15. Discuss the packet switching principle. How it is different from circuit switching?
16. Two stations on earth want to communicate through radio broadcast but are too far away to use conventional means. Suggest a method how these two stations can communicate?
17. What do you mean by Internetworking? What is the role of network layer in the Internet?
18. Explain network layer design issues and congestion control.
19. What is Multiplexing and Explain different types of Multiplexing?
20. Explain Modulation and its techniques
21. What do you mean by Digital Signature? How it is used while sending a document across a network?
22. Explain how Virus spreads in computer system and the preventive measures to counter it.
23. What is cryptography? Discuss its types.
24. Explain the use of Information technology in the following fields:
 - Airlines
 - Hotel management
 - Financial System
 - Inventory Control
25. How identification and authentication help in securing the User's security?
26. Explain in detail: B2B, B2C and B2C.
27. Explain in detail the application of Information Technologies in different fields.
28. What are the advantages of using fiber optics cable compared to copper cable?
29. Distinguish between asynchronous and synchronous data transmission.
30. What is a network topology? Explain all the network topologies in detail.