

PUNJAB PUBLIC SERVICE COMMISSION

Objective Type Test (February-2018) for Recruitment of Section Officers in the Department of Finance Government of Punjab

READ INSTRUCTIONS BEFORE FILLING ANY DETAILS OR ATTEMPTING TO ANSWER THE QUESTIONS.

Candidate's Name _____

Father's Name _____

Date of Birth

DD
MM
YYYY

Category Code*
 (*as given in the admit card)

Question Booklet Set

A

Booklet Series No.

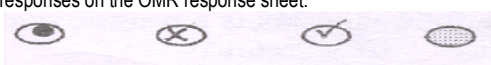

OMR Response Sheet No. _____

Roll No. _____

Candidate's Signature (Please sign in the box)

Time Allowed: 90 minutes (Paper-I) Total Questions: 100

INSTRUCTIONS

<p>1. The candidate shall NOT open this booklet till the time told to do so by the Invigilation Staff. However, in the meantime, the candidate can read these instructions carefully and subsequently fill the appropriate columns given above in CAPITAL letters. The candidate may also fill the relevant columns (other than the columns related to marking responses to the questions) of the Optical Mark Reader (OMR) response sheet, supplied separately.</p>	<p>9. The candidates shall ensure that the responses are marked in correct manner and any adverse impact due to wrong marking of responses would be the responsibility of the respective candidate. The following are some of the examples of wrong marking of responses on the OMR response sheet.</p> 
<p>2. Use only blue or black ball point pen to fill the relevant columns on this page. Use of fountain pen may leave smudges which may make the information given by the candidate here illegible.</p> <p>3. The candidate shall be liable for any adverse effect if the information given above is wrong or illegible.</p>	<p>10. The candidates, when allowed to open the question paper booklet, must check the booklet to confirm that the booklet has complete number of pages, the pages printed correctly and there are no blank pages. In case there is any such error in the question paper booklet then the candidate should immediately bring this fact to the notice of the invigilation Staff and obtain a booklet of the same series as given earlier.</p>
<p>4. Before attempting the paper, the candidate must fill all the columns given above on this page and sign at the appropriate place.</p> <p>5. Each candidate is required to attempt 100 questions in 120 minutes, except for orthopaedically/visually impaired candidates, who would be given 40 extra minutes, by marking correct responses on the OMR sheet which would be supplied separately to the candidates.</p>	<p>11. The serial number of the new booklet should be entered in the relevant column of the OMR. The Invigilation Staff must make necessary corrections in their record regarding the change in the serial no. of question booklet.</p>
<p>6. The candidate must write the following on the OMRs sheet: (a) Serial number of OMR sheet supplied to him/her for marking the responses to the questions. (b) Serial number of the question booklet (c) Series of the question booklet. Failure to do so may lead to cancellation of candidature or any other action which the Commission may deem fit.</p>	<p>12. The question paper booklet has 14 pages.</p> <p>13. Each question shall carry 1.5 (one & half) marks.</p>
<p>7. The candidate should darken the appropriate response to the question by completely darkening the appropriate circle/oval according to his/her choice of response i.e. a, b, c or d in the manner shown in the example below.</p> <div style="text-align: center; margin-top: 10px;"> a b c d </div> 	<p>14. There are four options for each question and the candidate has to mark the MOST APPROPRIATE answer on the OMR response sheet using blue or black ball point pen.</p>
<p>8. Partly darkening the circle/oval on the OMR response sheet or using other symbols such as tick mark or cross would not result in evaluation of the response as the OMR scanner can only interpret the answers by reading the darkened responses in the manner explained in preceding paragraph. Darkening more than one circle/oval as response to a question shall also be considered as wrong answer. The candidates are advised not to erase any marked answer on the OMR sheet as it may lead to double reading of the answer by the scanner.</p>	<p>15. There is no negative marking for wrong answers or questions not attempted by the candidate.</p>

1. What is the guiding principle of scientific management?
 - a) Experimentation
 - b) Fluid Working Relationship
 - c) Freedom of Association
 - d) One best way to do a job

2. Which one of the following are not the characteristics of a bureaucratic organization?
 - a) Authority
 - b) Regulations
 - c) Command Structure
 - d) Change

3. What does situational theory of leadership emphasize?
 - a) Personality Traits
 - b) Situation
 - c) Political Situation
 - d) Events

4. Hygiene factors are associated with
 - a) Frederick Hertzberg
 - b) Abraham Maslow
 - c) Douglas McGregor
 - d) D. C. McClelland

5. Emotional Intelligence refers to:
 - a) How people view and understand the world.
 - b) How people view and understand themselves.
 - c) How people view and understand others.
 - d) How people view and understand themselves and others.

6. What is the first step in control process?
 - a) Allocate resources
 - b) Choose key personnel for task
 - c) Select strategy
 - d) Set standards

7. What are the main characteristics of an effective control system?
 - a) Flexibility, accuracy, timeliness and objectivity
 - b) Flexibility, measurability, timeliness and objectivity
 - c) Flexibility, accuracy, relevance and objectivity
 - d) Flexibility, accuracy, timeliness and relevance

8. International Public-Sector Accounting Standards were issued by
- International Accounting Standard Board
 - International Auditing Practices Committee
 - International Federation of Accountants
 - None of the above
9. What is the aim of accounting standard?
- Ensuring comparability of financial statements.
 - Standardize diverse accounting policies.
 - Lower the accounting dissimilarities.
 - All of these
10. Penalty for delay in refunding application money.
- 6%
 - 5%
 - 15%
 - 20%
11. As per AS-14 purchase consideration is, what is payable to-
- Shareholders
 - Creditors
 - Debenture holders
 - Shareholders and Debenture holders
12. A Ltd. & B Ltd. go into liquidation and a new company X Ltd. is formed. Which of the following represent the case?
- Absorption
 - External Reconstruction
 - Amalgamation
 - None of the above
13. Which of the following represent the time interval from the date of acquisition of shares in subsidiary company to the date of balance sheet of holding company?
- Pre-acquisition period
 - Post-acquisition period
 - Pre-incorporation period
 - Pre-commencement period
14. Which exchange rate will be considered for conversion of share capital of subsidiary company?
- Opening rate
 - Closing rate
 - Average rate
 - Rate on the day on which shares are acquired

15. The aggregate payment approach in Human Resource Accounting was developed by-
- a) Myers and Flowers
 - b) Hermanson
 - c) S. K. Chakraborty
 - d) None of the above
16. In mutually exclusive projects, selected project must have as compared to other projects.
- a) higher net present value
 - b) lower net present value
 - c) zero net present value
 - d) all of above
17. Relationship between Economic Value Added (EVA) and Net Present Value (NPV) is considered as
- a) Valued relationship
 - b) Economic relationship
 - c) Direct relationship
 - d) Inverse relationship
18. In independent projects evaluation, results of internal rate of return and net present value lead to
- a) Cash flow decision
 - b) Cost decision
 - c) Same decisions
 - d) Different decisions
19. During planning period, a marginal cost for raising a new debt is classified as
- a) Irrelevant cost
 - b) Relevant cost
 - c) Borrowing cost
 - d) Embedded cost
20. Which of the following is the feature of high operating leverage firm?
- a) Low fixed cost in its production process.
 - b) High variable cost in its production process.
 - c) High fixed cost in its production process.
 - d) High price per unit.
21. A critical assumption to Net Operating Income approach to valuation is-
- a) Overall capitalization rate holds constant with changes in financial leverage.
 - b) Debt and equity levels remain unchanged.
 - c) Dividends increases at a constant rate.
 - d) Interest expenses and taxes are taken into calculation.

22. Which of the following is an argument for the relevance of dividends?
- Informational content
 - Reduction of uncertainty
 - Some investor's preference for current income
 - All of the above
23. Which of the following illustrates the use of hedging approach of finance?
- Short-term assets financed with long-term liabilities.
 - Permanent working capital financed with long-term liabilities.
 - Short-term assets are financed with equity.
 - All assets are financed with a mixture of 50% equity and 50% debt.
24. In imperfect competition, total revenue rises at.....up-to an output level and then.....
- A decreasing rate, falls.
 - A decreasing rate, rises.
 - An increasing rate, falls.
 - An increasing rate, rises.
25. The elasticity of substitution between two inputs in Constant Elasticity of Substitution production function
- Decreasing continuously
 - Increasing continuously
 - Remains constant
 - None of these.
26. The law of diminishing returns is applied to all fields of production was stated by-
- A. C. Pigou
 - Walras
 - Alfred Marshall
 - David Ricardo
27. In an indifference map, higher indifference curve shows.....
- Level of satisfaction among which the consumer is indifferent.
 - The optimum level of satisfaction.
 - The higher level of utility.
 - The same level of satisfaction.
28. The kinked demand curve theory explains that even when the demand conditions.....the price.....
- Change, changes
 - Change, remains stable
 - Remain stable, changes
 - Remain stable, rises

29. The plastic credit card that contains an embedded chip on which digital information can be stored is
- a) Customer relationship management systems card
 - b) E-Government identity card
 - c) FEDI card
 - d) Smart card
30. Which of the following are the advantages normally associated with B2B E-Commerce?
- a) Shorter cycle times
 - b) Reduction in costs
 - c) Reaches wider audiences
 - d) All of the above
31. Direct manufacturing labor costs is added into manufacturing overhead cost to calculate
- a) Transaction cost
 - b) Conversion cost
 - c) Resale cost
 - d) Merchandise cost
32. Managers utilize marginal costing for
- a) Make or buy decision
 - b) Utilization of additional capacity
 - c) Determination of dumping price
 - d) All of the above
33. When contribution is positive but equal to fixed cost,
- a) There is loss equal to fixed costs
 - b) There is loss more than fixed costs
 - c) There will be loss less than fixed costs
 - d) There will be neither profit nor loss
34. Volume variance arises when
- a) There is rise in overhead rate per hour
 - b) There is decline in overhead rate per hour
 - c) There is decrease or increase in actual output compared to the budgeted output
 - d) None of the above
35. By which act the government checks the restrictive trade?
- a) Industrial Policy Act 1991
 - b) MRTP Act
 - c) FEMA Act
 - d) None of these

36. Which among the following is not opened for private sector participation
- a) Power sector
 - b) Telecommunication sector
 - c) Education sector
 - d) Railways
37. Laissez Faire Policy is adopted in...
- a) Socialist Economic System
 - b) Capitalist Economic System
 - c) Mixed Economic System
 - d) Communist Economic System
38. The first of the major environmental protection act to be promulgated in India was:
- a) Water Act
 - b) Air Act
 - c) Environmental Act
 - d) Noise Pollution Rule
39. Which of the following is non-probability sampling?
- a) Snowball
 - b) Random
 - c) Cluster
 - d) Stratified
40.refers to inferring about the whole population based on the observations made on a small part.
- a) Deductive Inference
 - b) Inductive Inference
 - c) Pseudo Inference
 - d) Objective Inference
41. Sampling is advantageous as.....
- a) It helps in capital saving
 - b) Save time
 - c) Increases accuracy
 - d) Both a) & b)
42. Research and development become the index of development of country. Which of the following reasons are true with regard to this statement?
- a) Because R&D reflect the true economic and social conditions prevailing in a country.
 - b) Because R&D targets the human development.
 - c) Because R&D can improve the standard of living of the people in a country.
 - d) All of the above.

43. A census taker often collects data through which of the following?
- a) Standardized tests
 - b) Interviews
 - c) Secondary data
 - d) Observations
44. A plan expressed in quantitative terms would be called a/an:
- a) Objective
 - b) Target
 - c) Policy
 - d) Budget
45. The first auditors of a company are appointed by the
- a) Registrar of Companies
 - b) Shareholders of the company
 - c) Promoters of the company
 - d) Board of Directors of the company
46. Payout ratio means the ratio of
- a) Debtor to creditor
 - b) Profit distributed to profit retained
 - c) Earning that are distributed through dividends
 - d) Interest payment to dividend
47. Which of the following industrialists identified the basic management functions?
- a) Max Weber
 - b) F.W. Taylor
 - c) Frederick Herzberg
 - d) Henry Fayol
48. Writing an organizational strategic plan is an example of which of the following management function.
- a) Leading
 - b) Coordinating
 - c) Planning
 - d) Organizing
49. Planning is mainly concerned with looking ahead in the future, what is it that provides the necessary raw material for correct planning?
- a) TQM
 - b) Controlling
 - c) Planning
 - d) Forecasting

50. Which of the following three essential managerial skills are given by Katz,
- a) Technical, human, and Empirical
 - b) Human, Empirical and Conceptual
 - c) Technical, Interpersonal and Controlling
 - d) Technical, Human and Conceptual
51. Which of the following is the basic responsibility of a manager?
- a) Implementing policy decisions
 - b) Formulating policies
 - c) Determining organization objectives
 - d) All the above
52. In case of marginal costing as production increases
- a) Cost per unit increases
 - b) Cost per unit decreases
 - c) Cost per unit remain same
 - d) None of these
53. In standard costing gang variance is also termed as
- a) Direct labour composition
 - b) Idle time variance
 - c) Overhead cost variance
 - d) Direct material mix variance
54. Which of the following is not true with reference to capital budgeting?
- a) Capital budgeting is related to asset replacement decisions,
 - b) Cost of capital is equal to minimum required return,
 - c) Existing investment in a project is not treated as sunk cost,
 - d) Timing of cash flows is relevant.
55. In Capital Budgeting, Sunk cost is excluded because it is:
- a) Of small amount,
 - b) Not incremental
 - c) Not reversible,
 - d) All of the above
56. EAV should be used in case of;
- a) Divisible Projects,
 - b) Repetitive Projects,
 - c) One-off Investments
 - d) Indivisible Projects
57. Two mutually exclusive projects with different economic lives can be compared on the basis of
- a) Internal Rate of Return,
 - b) Profitability Index,
 - c) Net Present Value,
 - d) Equivalent Annuity Value

58. In Certainty-equivalent approach, adjusted cash flows are discounted at:
- Accounting Rate of Return,
 - Internal Rate of Return,
 - Hurdle Rate,
 - Risk-free Rate
59. Risk in Capital budgeting is same as:
- Uncertainty of Cash flows,
 - Probability of Cash flows,
 - Certainty of Cash flows,
 - Variability of Cash flows
60. In order to find out cost of equity capital under CAPM, which of the following is not required:
- Beta Factor,
 - Market Rate of Return,
 - Market Price of Equity Share,
 - Risk-free Rate of Interest.
61. Which of the following argues that the value of levered firm is higher than that of the unlevered firm?
- Net Income Approach,
 - Net Operating Income Approach,
 - MM Model with taxes,
 - Both a) and c)
62. In a perfect competition market, the process of entry or exit ends when
- Firms are operating with excess capacity.
 - Firms are making zero economic profit.
 - Firms experience decreasing marginal revenue.
 - Price is equal to marginal cost.
63. A consumer reaches equilibrium when
- Marginal utility is equal to price
 - Marginal utility is greater than price
 - Marginal utility is less than price
 - Total utility is equal to price
64. “Utility or satisfaction is a subjective concept; therefore it could only be ranked”. The statement supports
- Cardinal utility theorist
 - Ordinal utility theorist
 - Behavioral theorist of the firm
 - None of the above
65. If a firm shut down at a level when $AVC > Price$, the firm restricts its losses to
- Total fixed cost
 - Average fixed cost
 - Variable cost
 - Average variable cost

66. Which of the following is not a cause of price discrimination?
- Ignorance of consumer
 - Place differentiation
 - Variation in quality
 - Indirect Tax rates
67. An increase in the marginal propensity to consume will:
- Lead to the consumption function becoming steeper
 - Shift the consumption function upwards
 - Shift the consumption function downwards
 - Shift the savings function upwards
68. An increase in injections into the economy may lead to
- An outward shift of aggregate demand and demand-pull inflation
 - An outward shift of aggregate demand and cost-push inflation
 - An outward shift of aggregate supply and demand-pull inflation
 - An outward shift of aggregate supply and cost-push inflation
69. The effects of inflation on the price competitiveness of a country's products may be offset by:
- An appreciation of the currency
 - A revaluation of the currency
 - A depreciation of the currency
 - Lower inflation abroad
70. Which of the following statement is/are true?
- Foreign key fields don't allow duplicate values
 - In primary key field you can enter duplicate value
 - In an indexed field you may or may not enter duplicate value depending upon setting
 - All statements are true
71. What is Optional Voucher?
- Voucher which update figures
 - Voucher type is emergency
 - Temporary Voucher which does not update any figure anywhere.
 - None of the above
72. Which of the following aspects of a variable cannot be defined in the Variable View window?
- Value labels
 - Measurement
 - Maximum and minimum values
 - Number of decimal places
73. Which of the following is not considered to be one of the three phases of e-commerce?
- Innovation
 - Consolidation
 - Preservation
 - Reinvention

74. A digital signature is
- A bit string giving identity of a correspondent
 - A unique identification of a sender
 - An authentication of an electronic record by tying it uniquely to a key only a sender knows
 - An encrypted signature of a sender
75. The Secure Electronic Transaction protocol is used for
- Credit card payment
 - Cheque payment
 - Electronic cash payments
 - Payment of small amounts for internet services
76. A firewall is a
- Wall built to prevent fires from damaging a corporate intranet
 - Security device deployed at the boundary of a company to prevent unauthorized physical access
 - Security device deployed at the boundary of a corporate intranet to protect it from unauthorized access
 - Device to prevent all accesses from the internet to the corporate intranet
77. Receipt and Payment accounts are prepared by
- Listed companies
 - Non-listed companies
 - Non-profit organization
 - Foreign companies
78. Which of the following is financial statement?
- Profit & Loss account
 - Profit & Loss account and Balance sheet
 - Balance sheet and cash flow statement
 - Profit & Loss account, Balance sheet and cash flow statement
79. Real account works on the rule of
- Debit the receiver credit the giver
 - Debit what comes in credit what goes out
 - Debit all expenses or losses, credit all income or gain
 - All of the above
80. Which of the error cannot be detected by a trial balance?
- Error of Omission
 - Error of Principle
 - Error of misposting
 - All of the above
81. Audit is a fact-finding process that compares actual results with;
- Specific standards and plans
 - Expected results
 - Premature results
 - Preliminary results

82. Which of the following is also expected to provide the resources needed and select staff members to accompany the auditors?
- Auditors
 - Client
 - Internal auditors
 - Auditee
83. Chartered accountants have to retain the working papers for
- 2 years
 - 3 years
 - 5 years
 - 7 years
84. SA230 stands for
- Quality control for an audit of financial statements
 - Agreeing the terms of audit engagements
 - Audit documentation
 - Responsibility of joint auditor
85. SA300 stands for
- Audit planning
 - Audit sampling
 - Audit documentation
 - None of these
86. First auditor of the company is appointed by the BOD within;
- 15 days
 - 30 days
 - 45 days
 - 60 days
87. For which one of the basic reasons, the “Structural Adjustment Programme” was undertaken in India in 1991?
- Curbing competition among private sector
 - Establishing predominant role of public sector
 - Establishing a free market economy
 - Regional balancing through planning and licensing
88. If the amount claimed by a consumer as compensation is Rs. 75 lacs, the case under The Consumer Protection Act shall be filed with
- District Forum
 - State Consumer Disputes Redressal Commission
 - National Consumer Disputes Redressal Commission
 - Supreme Court
89. Under FDI policy 2016, 100 per cent FDI through automatic route is allowed in
- Greenfield Pharmaceutical Sector
 - Defense Sector
 - Food Produced in India
 - None of the above

90. Match the following Acts with the year of their enactment:
- | | |
|--------------------|-----------|
| 1) MRTP Act | i) 1969 |
| 2) SEBI | ii) 2002 |
| 3) FEMA | iii) 1999 |
| 4) Competition Act | iv) 1992 |
-
- | | 1 | 2 | 3 | 4 |
|----|----------|----------|----------|----------|
| a) | (i) | (ii) | (iii) | (iv) |
| b) | (ii) | (i) | (iii) | (iv) |
| c) | (iii) | (i) | (ii) | (iv) |
| d) | (i) | (iv) | (iii) | (ii) |
91. Under Industrial Policy 1991, which of the following sector is reserved for public sector?
- a) Automobiles
 - b) Telecommunication Sector
 - c) Iron & Steel
 - d) Railways
92. Which of the following plan was based on PC Mahalanobis Model?
- a) First Five year plan
 - b) Second Five year plan
 - c) Third five year plan
 - d) Fourth five year plan
93. Which one is not an element of internal environment?
- a) Marketing Capability
 - b) Personnel Capability
 - c) Operational Capability
 - d) Money and Capital Market
94. Match the following components of business environment:
- | | |
|------------------------------|-------------------------|
| 1) Economic Environment | i) Corporate Governance |
| 2) Social Environment | ii) Innovations |
| 3) Political Environment | iii) Culture |
| 4) Technological Environment | iv) Monetary Policy |
-
- | | 1 | 2 | 3 | 4 |
|----|----------|----------|----------|----------|
| a) | (iv) | (iii) | (i) | (ii) |
| b) | (iii) | (i) | (ii) | (iv) |
| c) | (ii) | (i) | (iv) | (iii) |
| d) | (i) | (iv) | (iii) | (ii) |
95. Which of the following are outside the scope of the Consumer Protection Act, 1986?
- a) Newspaper industry
 - b) Services provided under contract of personal service
 - c) Banking industry
 - d) Both a) and b)

96. Accepting the null hypothesis, when it is incorrect. This is known as
- a) Error of data
 - b) Error of statistics
 - c) Error of tools
 - d) None of these
97. When the population mean is either lower or higher than some hypothesized value then which test is considered to be appropriate?
- a) One tailed test
 - b) Two tailed test
 - c) Both a) and b)
 - d) None of these
98. If 'F' is quite large the null hypothesis of equal population mean will have to be
- a) Rejected
 - b) Accepted
 - c) Indifferent
 - d) None of these
99. Each normal distribution is defined by its two parameters
- a) Mean and median
 - b) Standard deviation and mode
 - c) Mean and standard deviation
 - d) None of the above
100. Non sampling error occur at the time of
- a) Observation
 - b) Processing of data
 - c) Approximation
 - d) All of these
