PREVIOUS YEAR PAPER

SSC CGL 2017 Tier II — General Studies (Finance and Economics) — 22 February 2018

SSC CGL · 22 February 2018 · 3:15 PM - 5:15 PM

93 of the paper's 100 questions · marks per question not printed on the response sheet · 120 minutes

Left out of the original paper: 7 (any question that needs a figure or formatting we cannot show, has no answer in the response sheet, or could not be checked against a second copy of the paper).

Questions from the Staff Selection Commission's paper of 22 February 2018, 3:15 PM - 5:15 PM. Each question is followed by its answer, and the answer key is repeated on the last page.

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General Studies (Finance and Economics)

1. If the partnership deed is silent, then what is the minimum salary or other remuneration paid to partner every month for taking part in the conduct of the business?

(a) Rs 10,000 10,000

(b) Rs 20,000 20,000

(c) 10% of capital brought by partner

(d) No salary

Answer: (d)

2. Which of the following needs to be excluded from current assets apart from closing stock, to get the balance as liquid assets?

(a) Prepaid expenses

(b) Debtors

(c) Accrued Income

(d) Bill receivable

Answer: (a)

3. Which among the following is a capital receipts?

(a) Amount received by way of loans

(b) Money obtained from sale of goods

(c) Dividend received on investments

(d) Commission and fees received for services rendered

Answer: (a)

5. _____ states that accounting report must belong to a common period and use common unit of measurement and format of reporting.

(a) Relevance

(b) Comparability

(c) Understand ability

(d) Reliability

Answer: (b)

6. Which of the following accounting concept eliminates personal biasedness and helps in achieving results that are comparable?

(a) Accounting period

(b) Dual Aspect

(c) Cost

(d) Consistency

Answer: (d)

7. Which of the following given statements are CORRECT? II. Increase in capital is credited. III. Increase in expenses is debited. IV. Increase in liabilities is credited.

(a) Only I and III

(b) Only II and IV

(c) Only I, III and IV

(d) All are correct.

Answer: (d)

8. Returned damaged office stationary and received ₹ 10,000. The account to be credited is _____.

(a) office stationary

(b) cash

(c) purchase return

(d) debtors

Answer: (a)

9. Which of the following statements are FALSE? I. Cash receipts are entered on the credit side of cash book. II. Credit purchase of a land is entered in purchase journal. III. Ledger is a subsidiary book. IV. Petty cash book is a book having record of small payments.

(a) Only I and II

(b) Only II and III

(c) Only III and IV

(d) Only I and IV

Answer: (a)

10. Which of the following statements is TRUE?

(a) Cheques deposited but not collected will result in decreasing the balance of the cash book, when compared to passbook.

(b) Favorable bank balance as per the cash book will be less than the bank passbook balance when there are un presented cheque for payment.

(c) The credit balance of the account of the business in the books of the bank should be unequal to the debit balance of the bank account as per the cash book.

(d) Cheques issued but not presented for payment will reduce the balance as per the passbook.

Answer: (b)

11. What is/are the objective(s) of preparing the trial balance?

(a) To ascertain the arithmetical accuracy of the ledger accounts.

(b) To help in locating errors.

(c) To help in the preparation of the financial statement

(d) All of these

Answer: (d)

12. Which among the following will be shown as the debit balance in a trial balance?

(a) Interest paid

(b) Long term loan

(c) Advances from customers

(d) Purchase return

Answer: (a)

13. If a credit purchase of machinery is rec[illegible]ed ir[illegible]rchase book instead of journal proper it is an error of _____.

(a) Compensating

(b) Principle

(c) Omission

(d) Commission

Answer: (b)

14. Which of the following error, will be rectified through suspense account?

(a) Record of sales return by Lalit of Rs 5,000 in purchase return.

(b) Omission of recording sales return by Lalit of Rs 5,000.

(c) Sales return of Rs 5,000 by Lalit recorded as Rs 500.

(d) Underrating of sales book by Rs 5,000.

Answer: (d)

15. Which of the following statement is FALSE in relation to the term depreciation?

(a) It is decline in the book value of fixed assets.

(b) It is a continuing process.

(c) It is an unexpired cost.

(d) It is a non cash expense.

Answer: (c)

16. _____ refers to writing off the cost of intangible assets like patents, copyrights, trademarks, franchises, and goodwill which have utility for a specified period of time.

(a) Depreciation

(b) Diminution

(c) Depletion

(d) Amortisation

Answer: (d)

17. Which of the following statement is FALSE?

(a) Extraction of natural resources like mines, quarries etc. that reduces the availability of the quantity of the material or asset is termed as depletion.

(b) Depreciation doesn't provide fund for replacement.

(c) Depreciation need not be charged if adequate maintenance expenditure is also incurred.

(d) Depreciation is charged even if market value of an asset is higher than its book value.

Answer: (b)

18. Reserves and surpluses are shown on which side and under which head in the balance sheet?

(a) Liability side and under capital head.

(b) Asset side and under investment head

(c) Liability side and under provisions.

(d) Asset side and under cash in hand

Answer: (a)

19. Which of the following statement is NOT TRUE i[illegible]gard to reserve and provision?

(a) A provision is a charge against prof[illegible] [illegible]re[illegible] reserve is an appropriation of profit.

(b) Provision reduces taxable profit whereas [illegible]erves increase taxable profit.

(c) Provision cannot be used for distribution as dividend whereas reserve can be used for dividend distribution.

(d) Provision is made for a known liability or expense pertaining to current accounting period where as reserve is created for strengthening the financial position of business.

Answer: (b)

20. Provision is _____ against profit.

(a) disposal

(b) residual

(c) appropriation

(d) charge

Answer: (d)

21. What will the entery for cash sales of Rs 2500? 2500

(a) Cash A/c Dr. - Rs 2,500 To Sales A/c - Rs 2,500

(b) Owner's A/c Dr. - Rs 2,500 To Sales A/c - Rs 2,500

(c) Sales A/c Dr. - Rs 2,500 To Cash A/c - Rs 2,500

(d) Purchases A/c Dr. - Rs 2,500 To Sales A/c - Rs 2,500

Answer: (a)

22. Which account will be credited in the books of drawer when the drawer gets the bill discounted from the bank (At the time of accepting the bill)?

(a) Bill Receivable Account

(b) Bank Account

(c) Debtors Account

(d) Discount Account

Answer: (c)

23. When the bill is endorsed by the drawer in favour of his creditor, then which entry will be passed in the books of drawer on the maturity of the bill?

(a) Creditors Account Dr. To bill Receivable Account

(b) Bill Receivable Account Dr. to debtor's Account

(c) Debtor's Account Dr. to sales Account

(d) No entry

Answer: (d)

24. Which of the following statement is INCORRECT about capital expenditure?

(a) It maintains the earning capacity of business.

(b) It is recorded in balance sheet.

(c) It is a non recurring expenditure.

(d) It gives benefit for more than one accounting year

Answer: (a)

25. According to Partnership Act 1932, which account is debited for the transfer of net loss?

(a) Profit and loss account

(b) Capital account

(c) Cash account

(d) Owner's account

Answer: (b)

27. Which account is debited while recording an outstanding expense?

(a) Concerned expense account

(b) Cash account

(c) Outstanding expenses account

(d) Capital account

Answer: (a)

28. If the insurance premium paid was Rs 2,000 and pre-paid insurance already is Rs 500, then the amount of insurance premium shown in profit loss account will be:

(a) Rs 2000 2000

(b) Rs 500 500

(c) Rs 1500 1500

(d) Rs 2500 2500

Answer: (c)

29. Which ratios are calculated for measuring the efficiency of operation of business based on effective utilisation of resources?

(a) Liquidity ratios

(b) Solvency ratios

(c) Activity ratios

(d) Profitability ratios

Answer: (c)

30. Which of the following ratio is also termed as leverage ratio?

(a) Debt equity ratio

(b) Solvency ratio

(c) Proprietary ratio

(d) Interest coverage ratio

Answer: (a)

31. Proceeds from sale of patent is classified under which activity in Cash Flow Statement?

(a) Investing

(b) Operating

(c) Financing

(d) Cash

Answer: (a)

32. Among the following items given which is/are ne ed to be added to get net cash from operating activities while preparing Cash Flow Stat ent? I. Increase in current liabilities II. Decrease in current liabilities III. Increase i rrer ssets IV. Income tax paid

(a) Only I

(b) Only I and III

(c) Only II and IV

(d) Only III

Answer: (a)

33. In order to compensate the investors, what kind of debentures are issued at substantial discount and the difference between the nominal value and the issue price is treated as the amount of interest related to the duration of the debentures?

(a) Zero coupon rate debenture

(b) Bearer debentures

(c) Specific coupon rate debentures

(d) Naked debentures

Answer: (a)

34. If the value of debentures is less than the value of the net asset taken over, then the difference will be credited to:
    (a) Goodwill account
    (b) Capital reserve account
    (c) General reserve account
    (d) Debenture account

    Answer: (b)

35. The part of capital which is called-up only on winding up is called _____.
    (a) Reserve capital
    (b) General reserve
    (c) Capital reserve
    (d) Capital redemption reserve

    Answer: (a)

36. From which of the following, companies cannot buy its own shares?
    (a) Odd lot shareholders
    (b) Open market
    (c) Existing equity shareholders on a disproportionate basis
    (d) Employees of the company

    Answer: (c)

37. A and B share profit in the ratio of 5 : 2. C is admitted as a partner who sets 1/7 share. If C acquires 3/28 from A and 1/28 from B, then what will be the new profit sharing ratio?
    (a) 19 : 5 : 4
    (b) 17 : 7 : 4
    (c) 15 : 9 : 4
    (d) 16 : 8 : 4

    Answer: (b)

39. Which of the following formulae is INCORRECT?
    (a) Gain in share of continuing partner = New share –old share
    (b) Average collection period = 365/Creditors turnover ratio
    (c) Operating expenses = Cost of goods sold + selling expenses + Administrative expenses
    (d) Number of shares to be issued = Amount Payable / Issue Price

    Answer: (b)

40. Interest Coverage Ratio and proprietary ratio comes under:
    (a) solvency ratio
    (b) activity ratio
    (c) profitability ratio
    (d) liquidity ratio

    Answer: (a)

41. Who is the current CAG of India?
    (a) Vinod Rai
    (b) V. N. Kaul
    (c) Shashikant Sharma
    (d) Rajiv Mehrishi

    Answer: (d)

42. Which part of Indian constitution establishes CAG as an authority?
    (a) V
    (b) VIII
    (c) XV
    (d) XX

    Answer: (a)

43. The CAG once appointed has to make an oath or affirmation before _____.
    (a) The Prime Minister of India
    (b) The President of India
    (c) The Supreme court Judge
    (d) The Finance Minister of India

    Answer: (b)

44. Who determines the term of office, salary and allowances, conditions of service of the chairman and other members of the Finance Commission of India from time to time?
    (a) The President of India
    (b) The Prime Minister of India
    (c) The Finance Minister of India
    (d) Governor of RBI

    Answer: (a)

45. What is the requirement of other members of the finance commission fixed under the Article 280 of the Constitution of India apart from the its chairman?
    (a) Four
    (b) Five
    (c) Six
    (d) Eight

    Answer: (a)

46. Which among the following is one of the three heads grouped as recommendations of the finance commission.
    (a) Union profits to states
    (b) Central Loan to states
    (c) Central Tax to states
    (d) Union Loan to states

    Answer: (d)

47. Decrease of resources implies that production possibility curve:
    (a) shifts to right
    (b) shifts to left
    (c) rotates to the right
    (d) rotates to the left

    Answer: (b)

48. Which of the following relation is INCORRECT between TU and MU?
    (a) TU increase as long as MU is positive.
    (b) TU is maximum when MU = 0.
    (c) TU starts declining when MU is negative.
    (d) Decrease in MU implies that TU increases at an increasing rate.

    Answer: (d)

49. Indifference Curve is _____ at the point of equilibrium.
    (a) convex
    (b) concave
    (c) straight
    (d) zero

    Answer: (a)

50. The two aspects: (1) Factoral distribution of Incom (2) Inter-personal distribution of Income are parts of which of the following central problem of ar onomy?
    (a) What to produce?
    (b) How to produce?
    (c) For whom to produce?
    (d) Why to produce?

    Answer: (c)

51. In which type of economy social justice is accorded higher priority than profit maximization?
    (a) Centrally Planned Economy
    (b) Mixed Economy
    (c) Capitalist Economy
    (d) Private Economy

    Answer: (a)

52. A situation when demand curve shifts to the right is described under the following situation:
    (a) extension in demand
    (b) increase in demand
    (c) contraction in demand
    (d) decrease in demand

    Answer: (b)

53. What is the total elasticity of demand, if a fall in own price of a commodity causes a fall in total expenditure and a rise in price causes rise in total expenditure of the commodity?

(a) Less than unitary

(b) Greater than unitary

(c) Unitary

(d) Perfectly inelastic

Answer: (a)

54. Suppose the demand function for a commodity is given as Q= 1000 – 10P where 'Q' denotes quantity of demand and 'P' denotes price of the commodity. The Point Price elasticity of demand at price Rs 20 will be:

(a) – 0.50

(b) – 0.20

(c) – 0.25

(d) – 5

Answer: (c)

55. "Supply creates its own demand" is a _____.

(a) Pareto principle

(b) Martian law

(c) Say's law

(d) Keynes law

Answer: (c)

56. In the case of Veblen goods, demand curve will slope:

(a) Upwards

(b) Downwards

(c) Straight

(d) Negative

Answer: (a)

57. Increase in the price of a competing product will lead to:

(a) contraction of supply

(b) increase in supply

(c) decrease in supply

(d) extension of supply

Answer: (c)

58. Es< 1, when positively sloped supply curve starts from _____.

(a) x-axis

(b) y-axis

(c) the point of origin

(d) None of these

Answer: (a)

59. Price elasticity of supply of a good is 2. By what percentage should its price rise so that its supply rises by 40 percent?

(a) 20

(b) 10

(c) 50

(d) 80

Answer: (a)

60. What will be the effect on equilibrium price if supply is increased without any change in demand?

(a) Price will fall

(b) Price will rise

(c) No change in price

(d) None of these

Answer: (a)

61. _____ refers to different possible quantities of a commodity that the consumer is ready to buy at different possible prices of that commodity.

(a) desire

(b) demand

(c) quantity demanded

(d) None of these

Answer: (b)

63. Which among the following is/are the important component(s) of Fixed Cost?

(a) Wages and salaries of permanent staff.

(b) License fee and related expenses

(c) Installation charges on machine and plant

(d) All of these

Answer: (d)

64. Average Fixed Cost Curve is:

(a) Straight line

(b) Concave to the origin

(c) Rectangular Hyperbola

(d) None of these

Answer: (c)

65. Which of the assumption is NOT TRUE in relation to isoquant curve?

(a) There are only two inputs labour and capital.

(b) Both inputs are indivisible.

(c) Both are imperfect substitutes for each other.

(d) Technology of production is constant.

Answer: (b)

66. Margin of safety is _____ the BEP.
    (a) below
    (b) above
    (c) at par with
    (d) negative of

    Answer: (b)

67. AP is output per unit of _____ factor.
    (a) variable
    (b) total
    (c) fixed
    (d) marginal

    Answer: (a)

68. License fee comes under:
    (a) fixed cost
    (b) variable cost
    (c) direct cost
    (d) prime cost

    Answer: (a)

69. Rising of AVC is due to:
    (a) increasing returns to a factor
    (b) diminishing returns to a factor
    (c) constant returns to a factor
    (d) no returns to a factor

    Answer: (b)

70. The demand curve of the firm under perfect competition is:
    (a) greater than one elastic
    (b) unitary elastic
    (c) perfectly elastic
    (d) perfectly inelastic

    Answer: (c)

71. A monopolist charges a price which is _____ than the marginal cost.
    (a) greater
    (b) less
    (c) equal
    (d) None of these

    Answer: (a)

72. Price control leads to rationing and black marketing under which forms of market?
    (a) Perfect competition
    (b) Oligopoly
    (c) Monopoly
    (d) Monopolistic competition

    Answer: (a)

73. Why does the firms in long run earn normal profits under perfect competition?
    (a) Large number of buyers of a commodity.
    (b) Homogenous product is sold by the firms.
    (c) Perfect knowledge among sellers.
    (d) Freedom of entry and exit of the firms.

    Answer: (d)

74. What does a perfectly elastic demand curve of a firm reflects under perfect competition?
    (a) Zero price control
    (b) Price maker
    (c) Partial market control
    (d) Perfect immobility

    Answer: (a)

75. If oligopoly firms produces differentiated products then it is a situation of:
    (a) perfect oligopoly
    (b) imperfect oligopoly
    (c) pure monopoly
    (d) duopoly

    Answer: (b)

76. In which form of market, there are only two firms producing a commodity?
    (a) Monopolistic competition
    (b) Duopoly
    (c) Monopoly
    (d) Oligopoly

    Answer: (b)

77. Indian Railways can be termed as _____.
    (a) Natural Monopoly
    (b) Public Monopoly
    (c) Private Monopoly
    (d) Legal Monopoly

    Answer: (b)

78. Gross National disposable income is equal to:
(a) Net National disposable income + Current replacement cost
(b) Net National disposable income – Corporate profit tax
(c) Gross National disposable income – Direct personal taxes
(d) Gross National disposable income – Miscellaneous fees and fines paid by the households

Answer: (a)

80. The process of moving from self-employment and regular salaried employment to casual wage work is known as _____.
(a) casualisation of workforce
(b) degeneration of workforce
(c) normalisation of workforce
(d) retrieving of workforce

Answer: (a)

81. GDP deflator equals:
(a) [(GDP at current prices)/(GDP at constant prices)] × 100
(b) [(GDP at constant prices)/(GDP at current prices)] × 100
(c) [(GDP at real prices)/(GDP at constant prices)] × 100
(d) None of these

Answer: (a)

82. Which industry is also known as basic industry?
(a) Chemical Industry
(b) Agro based Industry
(c) Forest based Industry
(d) Iron and Steel Industry

Answer: (d)

83. In terms of economic system, what is disinvetment?
(a) Privatisation of the public sector enterprises
(b) Increasing the value of share of a company
(c) Decreasing the value of share of a company
(d) Foreign investments in defence sector

Answer: (a)

84. When the number of poor is estimated as the proportion of people below the poverty line, it is known as _____.
(a) Earning Member Ratio
(b) Head Count Ratio
(c) Foot Count Ratio
(d) Poor People Ratio

Answer: (b)

86. Which among the following is NOT an example of Heavy industry?
    (a) Metal melting
    (b) Chemical manufacture
    (c) Textile production
    (d) Pottery and brick making from clay

    Answer: (d)

87. Which among the following is the oldest economic activity known?
    (a) Mining
    (b) Cotton weaving
    (c) Agriculture
    (d) All of these

    Answer: (c)

88. Which of the following industry is NOT reserved for the public sector after New Economic Policy of 1991?
    (a) Defence equipments
    (b) Railway transport
    (c) Aerospace
    (d) Atomic energy generation

    Answer: (c)

89. The trade policy reforms aimed at:
    (a) dismantling of quantitative restrictions on im ts and exports.
    (b) reduction of tariff rates.
    (c) removal of licensing procedures for impo
    (d) All of these

    Answer: (d)

90. Under which Amendment Act of Indian Constitution GST is introduced?
    (a) 100
    (b) 101
    (c) 102
    (d) 105

    Answer: (b)

91. Who is the chairman of GST Council?
    (a) Arun Jaitely
    (b) Pranab Mukherjee
    (c) Narendra Modi
    (d) Ram Nath Kovind

    Answer: (a)

92. What is the allocation on defence budget in the Union Budget of India (2018-19)?
(a) Rs 4.52 lakh crores
(b) Rs 2.95 lakh crores
(c) Rs 3.68 lakh crores
(d) Rs 5.72 lakh crores

Answer: (b)

93. What is that money which is accepted as a medium of exchange because of the trust between the payer and the payee?
(a) Fiat money
(b) Fiduciary money
(c) Credit money
(d) Full bodied money

Answer: (b)

94. Currency deposit ratio equals:
(a) Cash in hand with the people
(b) Demand deposit with the people
(c) Both (A) and (B)
(d) None of these

Answer: (c)

95. Credit multiplier is equal to:
(a) 1/CRR
(b) 1/SLR
(c) 1/Repo Rate
(d) 1/Reverse Repo Rate

Answer: (a)

96. In 1991, as an immediate measure to resolve the balance of payments crisis, the rupee was _____ against foreign currencies.
(a) revalued
(b) devalued
(c) freezed
(d) freed

Answer: (b)

98. Prime Minister of India has launched an online platform mygov.nic.in to engage citizens in the task of _____.
(a) Sampoorn
(b) Sunehra
(c) Suraksha
(d) Surajya

Answer: (d)

99. Which organization has launched the BHIM mobile application?

(a) NPCI

(b) NITI Ayog

(c) NSDL

(d) NIC

Answer: (a)

100. Who will be appointed as the president of NASSCOM, upon the completion of R. Chandrashekhar's term in March, 2018?

(a) Debjani Ghosh

(b) R. Chandrashekhar

(c) Kiran Karnik

(d) Som Mittal

Answer: (a)

Answer key

Answer key as marked in the Staff Selection Commission's response sheet. "—" means the sheet did not show it clearly.

General Studies (Finance and Economics)

1	**(d)**	2	**(a)**	3	**(a)**	5	**(b)**	6	**(d)**	7	**(d)**	8	**(a)**	9	**(a)**
10	**(b)**	11	**(d)**	12	**(a)**	13	**(b)**	14	**(d)**	15	**(c)**	16	**(d)**	17	**(b)**
18	**(a)**	19	**(b)**	20	**(d)**	21	**(a)**	22	**(c)**	23	**(d)**	24	**(a)**	25	**(b)**
27	**(a)**	28	**(c)**	29	**(c)**	30	**(a)**	31	**(a)**	32	**(a)**	33	**(a)**	34	**(b)**
35	**(a)**	36	**(c)**	37	**(b)**	39	**(b)**	40	**(a)**	41	**(d)**	42	**(a)**	43	**(b)**
44	**(a)**	45	**(a)**	46	**(d)**	47	**(b)**	48	**(d)**	49	**(a)**	50	**(c)**	51	**(a)**
52	**(b)**	53	**(a)**	54	**(c)**	55	**(c)**	56	**(a)**	57	**(c)**	58	**(a)**	59	**(a)**
60	**(a)**	61	**(b)**	63	**(d)**	64	**(c)**	65	**(b)**	66	**(b)**	67	**(a)**	68	**(a)**
69	**(b)**	70	**(c)**	71	**(a)**	72	**(a)**	73	**(d)**	74	**(a)**	75	**(b)**	76	**(b)**
77	**(b)**	78	**(a)**	80	**(a)**	81	**(a)**	82	**(d)**	83	**(a)**	84	**(b)**	86	**(d)**
87	**(c)**	88	**(c)**	89	**(d)**	90	**(b)**	91	**(a)**	92	**(b)**	93	**(b)**	94	**(c)**
95	**(a)**	96	**(b)**	98	**(d)**	99	**(a)**	100	**(a)**						