UGC NET/JRF/SLET Commerce (Paper-II)

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Revised & Enlarged Edition
Preface to the Revised Edition

It is a pleasant moment indeed to place before examinees appearing for U.G.C. sponsored NET JRF and SET examination, the Forth revised and refined edition of COMMERCE (Paper-II).

In this revised edition major and substantial changes have also been made. The main redeeming and distinct features of this revised edition are as under:

* All course contents have been framed in a systematic manner.
* Keeping in view the specific requirements of the candidates, a fresh and novel approach to the study of Commerce is adopted.
* At the end of each chapter, Objective Type Questions and Answers are provided so that candidates can assess the understanding of the subject matter.
* Summarised analysis of important concepts of Commerce and brief explanation of tough objective type questions are incorporated at the end of the book.
* Latest Question Papers with solution are given in a separate section.

We are deeply indebted to the students, readers and subject experts for their constant encouragement and co-operation throughout the process of bringing out this revised edition successfully.

Any constructive suggestion and guidance for further improvement of the book will be gratefully acknowledged.

—Authors
CONTENTS

● Previous Years’ Solved Papers

Unit–I
   Business Environment................................................................. 2–16
   Objective Type Questions............................................................ 17–21

Unit–II
   Financial and Management Accounting........................................ 22–52
   Objective Type Questions............................................................ 52–59

Unit–III
   Business Economics................................................................. 60–79
   Objective Type Questions............................................................ 79–85

Unit–IV
   Business Statistics and Data Processing...................................... 86–102
   Objective Type Questions............................................................ 102–104

Unit–V
   Business Management............................................................... 105–132
   Objective Type Questions............................................................ 133–139

Unit–VI
   Marketing Management............................................................. 140–167
   Objective Type Questions............................................................ 167–170

Unit–VII
   Financial Management............................................................. 171–188
   Objective Type Questions............................................................ 188–192

Unit–VIII
   Human Resource Management............................................... 193–209
   Objective Type Questions............................................................ 210–213

Unit–IX
   Banking and Financial Institutions.......................................... 214–228
   Objective Type Questions............................................................ 228–231

Unit–X
   International Business............................................................ 232–249
   Objective Type Questions............................................................ 249–252

Appendix—Brief Explanation of Tough Objective Type Questions........... 253–256
SYLLABUS

Unit–I

Business Environment
Meaning and Elements of Business Environment.
Legal environment of Business in India, Competition policy, Consumer protection, Environment protection.
Policy Environment: Liberalization, Privatisation and globalisation, Second generation reforms, Industrial policy and implementation. Industrial growth and structural changes.

Unit–II

Financial & Management Accounting
Basic Accounting concepts, Capital and Revenue, Financial statements.
Partnership Accounts: Admission, Retirement, Death, Dissolution and Cash Distribution.
Cost and Management Accounting: Ratio Analysis, Funds Flow Analysis, Cash Flow Analysis, Marginal costing and Break-even analysis, Standard costing, Budgetary control, Costing for decision-making Responsibility accounting.

Unit–III

Business Economics
Nature and uses of Business Economics, Concept of Profit and Wealth maximization. Demand Analysis and Elasticity of Demand, Curve Analysis, Law.
Utility Analysis and Indifference of Returns and Law of variable proportions.
Cost, Revenue, Price Determination in Different Market Situations: Perfect competition, Monopolistic competition, Monopoly, Price discrimination and Oligopoly, Pricing strategies.

Unit–IV

Business Statistics & Data Processing
Data types, Data collection and analysis, sampling, need, errors and methods of sampling, Normal distribution, Hypothesis testing, Analysis and Interpretation of Data.
Correlation and Regression, Small Sample Tests: t-test, F-test and chi-square test.
Data processing: Elements, Data entry, Data processing and Computer applications.
Computer Application to Functional Areas: Accounting, Inventory control, Marketing.

Unit–V

Business Management
Principles of Management.
Planning: Objectives, Strategies, Planning process, Decision-making.
Organising, Organisational structure, Formal and Informal organisations, Organisational culture.
Staffing.
Leading: Motivation, Leadership, Committees, Communication.
Controlling.
Corporate Governance and Business Ethics.

Unit–VI
Marketing Management
The evolution of marketing, Concepts, Concept of marketing, Marketing mix, Marketing environment.
Elements of consumer behaviour, Market segmentation.
Product decisions.
Pricing decisions.
Distribution decisions.
Promotion decisions.
Marketing planning, Organising and Control.

Unit–VII
Financial Management
Capital Structure, Financial and Operating leverage Cost of capital, Capital budgeting Working capital management Dividend Policy.

Unit–VIII
Human Resources Management
Compensation: Wage and Salary Administration, Incentive and Fringe benefits, Morale and Productivity.
Performance Appraisal.
Industrial Relations in India, Health, Safety, Welfare and Social security, Workers' Participation in Management.

Unit–IX
Banking and Financial Institution
Importance of Banking to Business, Types of Banks and Their Functions, Reserve Bank of India, NABARD and Rural Banking.
Banking Sector Reforms in India, NPA, Capital adequacy norms.
E-banking.
Development Banking: IDBI, IFCI, SFCs, UTI, SIDBI.

Unit–X
International Business
Theoretical foundations of international business, Balance of Payments.
International Liquidity, International Economic Institutions: IMF, World Bank IFC, IDA, ADB.
World Trade Organisation: its functions and policies.
Structure of India's Foreign Trade: Composition and direction, EXIM Bank, EXIM Policy of India, Regulation and promotion of Foreign Trade.
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Commerce
(Paper – II)

Note—This paper contains **fifty (50)** objective type questions of **two (2)** marks each. **All questions are compulsory.**

1. Who is the fiscal agent and advisor to Government in monetary and financial matters?
   (A) NABARD  (B) SBI  
   (C) RBI       (D) None of these

2. Match the items of List-I with the items of List-II:
   **List-I**
   (a) National Manufacturing Competitiveness Council (NMCC)
   (b) National Investment Fund (NIP)
   (c) The Industries (Development and Regulation) Act (IDRA), 1951
   (d) Increase in Employment
   **List-II**
   1. Industrial Licensing Policy
   2. Eleventh Five Year Plan
   3. The Competition Act, 2002
   4. Public Sector Undertakings
   **Codes:**
   (a) (b) (c) (d)
   (A) 4 1 2 3
   (B) 3 4 1 2
   (C) 1 2 3 4
   (D) 4 3 2 1

3. Kyoto Protocol pertains to—
   (A) Capital formulation
   (B) Globalisation
   (C) Environmental protection
   (D) Unemployment reduction

4. Uruguay Round pertains to—
   (A) WTO
   (B) IMF
   (C) GATT
   (D) World Bank

5. 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)

6. Which of the following is ‘true’ regarding the Prudence Principle of Accounting?
   (A) Taking care of the future losses
   (B) Taking care of the future profits
   (C) Taking care of bad debts
   (D) Taking care of inventory and depreciation

7. Which of the following is a non-operating expense?
   (A) Salary of Managing Director
   (B) Depreciation
   (C) Advertisement expenditure
   (D) Interest on loan

8. A and B are partners sharing profits in the ratio of 3 : 2. Their books showed goodwill at ₹ 3,000. C is admitted with 1/4th share of profits and brings ₹ 10,000 as his capital. But he is not able to bring in cash for his share of goodwill ₹ 3,000. How will you treat this?
   (A) Goodwill is raised by ₹ 12,000
   (B) C will remain as debtor for ₹ 3,000
   (C) C’s A/c is debited for ₹ 3,000
   (D) Goodwill is raised by ₹ 9,000

9. If there is mutual indebtedness between the transferor company and the transferee company in business combination, which of the following is correct?
   (A) No adjustment is required in the books of the transferor company
10. Improvement of profit-volume ratio can be done by—
   (A) Increasing selling price
   (B) Altering sales mixture
   (C) Reducing variable cost
   (D) All of the above

11. Business Economics is a subject which—
   (A) studies economic relationships
   (B) studies economic activities at the aggregate level
   (C) deals with the tools of economics used for decision making in business
   (D) studies optimus allocation of limited resources

12. Match the List–I with List –II and select the correct code for the answer :
   
   List–I
   (a) Cross elasticity is zero
   (b) Shut-down point
   (c) Slutsky theorem
   (d) Production Possibility Curve
   
   List–II
   1. Price = AVC
   2. Two commodities are independent
   3. Transformation line
   4. Substitution effect

   Codes :
   (a) (b) (c) (d)
   (A) 2 4 1 3
   (B) 3 2 4 1
   (C) 1 3 2 4
   (D) 2 1 4 3

13. Assertion (A) : The demand curve has negative slope showing inverse relationship between price and the quantity demanded.
   
   Reason (R) : This applies only to Giffen goods.

   Codes :
   (A) Both (A) and (R) are true
   (B) (A) is true, but (R) is false
   (C) (A) is false, but (R) are true
   (D) Both (A) and (R) are false

14. The consumer is said to be in equilibrium when he plans his expenditure on \( x, y \) and \( z \) commodities in such a way that he ultimately attains—
   (A) \( \frac{\text{MU}_x}{P_x} = \frac{\text{MU}_y}{P_y} = \frac{\text{MU}_z}{P_z} \)
   (B) \( \frac{\text{MU}_x}{P_x} = \frac{\text{MU}_y}{P_y} = \frac{\text{MU}_z}{P_z} = \text{MU}_m \)
   (C) \( \frac{\text{MU}_x}{P_x} < \frac{\text{MU}_y}{P_y} < \frac{\text{MU}_z}{P_z} < \text{MU}_m \)

15. Match the items in List-I with those in List-II and select the correct code for the answer :
   
   List-I
   (a) Monopoly
   (b) Monopolistic competition
   (c) Perfect competition
   (d) Oligopoly
   
   List-II
   1. Price Taker
   2. Homogeneous product’s price maker
   3. Heterogeneous product
   4. Price Rigidity

   Codes :
   (a) (b) (c) (d)
   (A) 2 3 1 4
   (B) 1 2 4 3
   (C) 3 4 2 1
   (D) 4 1 3 2

16. Match the following items in List-I with most suitable options in List-II :
   
   List-I
   (a) Fisher
   (b) Karl Pearson
   (c) Thomas Baye’s
   (d) Karl Gauss
   
   List-II
   1. Inverse probability
   2. Normal Distribution
   3. Correlation Coefficient
   4. Index Numbers

   Codes :
   (a) (b) (c) (d)
   (A) 4 3 2 1
   (B) 4 3 1 2
   (C) 4 2 3 1
   (D) 4 2 1 3
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