DU PhD in Financial Studies

Topic:- FS PHD S2_P1

1) RESEARCH METHODOLOGY

Two numbers differ by 5. If their product is 336, the sum of the two numbers is

[Question ID = 1530]

1. 27

   [Option ID = 6114]
2. 38

   [Option ID = 6115]
3. 37

   [Option ID = 6116]
4. 41

   [Option ID = 6117]

Correct Answer :-

- 37

   [Option ID = 6116]

2) The perimeter of a rhombus is 40 cm. If the length of one of its diagonals be 12 cm, the length of the other diagonal is

[Question ID = 1531]

1. 14cm [Option ID = 6118]
2. 15cm [Option ID = 6119]
3. 16cm [Option ID = 6120]
4. 12cm [Option ID = 6121]

Correct Answer :-

- 16cm [Option ID = 6120]

3) In an alloy, the ratio of copper and zinc is 8:3. If 3.44 kg zinc is mixed in 16.72 kg of alloy, then the ratio of copper and zinc in the new alloy will be

[Question ID = 1532]

1. 38:25 [Option ID = 6122]
2. 21:25 [Option ID = 6123]
3. 25:38 [Option ID = 6124]
4. 25:27 [Option ID = 6125]

Correct Answer :-

- 38:25 [Option ID = 6122]

4) The diameters of two ends of a bucket are 20 cm and 10 cm and its height is 24 cm. The volume (in cc) of the bucket is

[Question ID = 1533]

1. 4000

   [Option ID = 6126]
2. 4400

   [Option ID = 6127]
3. 4800

   [Option ID = 6128]
4. 1200

   [Option ID = 6129]

Correct Answer :-

- 4400

   [Option ID = 6127]

5) The average age of 3 students is 15 years and their ages are in proportion 2:3:4. The age of the eldest student is

[Question ID = 1534]

1. 15 years

[Option ID = 6130]

3. 24 years

[Option ID = 6132]

4. 18 years

[Option ID = 6133]

Correct Answer :-

● 20 years

[Option ID = 6131]

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6) If 8 men can reap 80 hectares in 24 days, then how many hectares can 36 men reap in 30 days

[Question ID = 1535]

1. 400

[Option ID = 6134]

2. 450

[Option ID = 6135]

3. 500

[Option ID = 6136]

4. 550

[Option ID = 6137]

Correct Answer :-

● 450

[Option ID = 6135]

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7) If in an experiment A and B are two events, then occurrence of event A or B simultaneously is represented by
[Question ID = 1536]

1. A intersection B [Option ID = 6138]
2. A + B [Option ID = 6139]
3. A - B [Option ID = 6140]
4. A union B [Option ID = 6141]

Correct Answer :-

● A intersection B [Option ID = 6138]

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8) Which of the following is true from the equation: $\sum(x_i - \bar{x})$, where $\bar{x}$ is the mean of the sample?

[Question ID = 1537]

1. The sum of the deviations above the mean is the same as the sum of the deviations below the mean

[Option ID = 6142]

2. Half the data lie above the mean of the values

[Option ID = 6143]

3. The specific set of values does not have any outliers affecting the mean

[Option ID = 6144]

4. Half the data lie below the mean of the values

[Option ID = 6145]

Correct Answer :-

● The sum of the deviations above the mean is the same as the sum of the deviations below the mean

[Option ID = 6142]

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9) Using Chebyshev's theorem for standard deviation, calculate the percentage of data that lie within five standard deviations of the mean.

[Question ID = 1538]

1. 89%

[Option ID = 6146]

2. 75%

[Option ID = 6147]

3. 96%

[Option ID = 6148]

4. None of these

[Question ID = 6149]

Answer :-

- 96%
  [Option ID = 6148]

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10) A probability density function:
[Question ID = 1539]
1. Is the probability distribution of discrete outcomes. [Option ID = 6150]
2. Suggests that the probability that a random variable assumes a specific value must be positive. [Option ID = 6151]
3. Characterizes outcomes of a continuous random variable. [Option ID = 6152]
4. Can yield negative values depending on the values of the random variable, X. [Option ID = 6153]

Correct Answer :-
- Characterizes outcomes of a continuous random variable. [Option ID = 6152]

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11) If the covariance between stock A and stock B is 100, the standard deviation of stock A is 10% and that of stock B is 20%, calculate the correlation coefficient between the two securities.
[Question ID = 1540]
1. -0.5 [Option ID = 6154]
2. +1.0 [Option ID = 6155]
3. +0.5 [Option ID = 6156]
4. 0.0 [Option ID = 6157]

Correct Answer :-
- +0.5 [Option ID = 6156]

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12) _____ is based on dividing a population into subgroups, sampling a set of subgroups, and conducting a complete census within the subgroups sampled.
[Question ID = 1541]
1. Cluster sampling [Option ID = 6158]
2. Continuous process sampling [Option ID = 6159]
3. Judgment sampling [Option ID = 6160]
4. Systematic sampling [Option ID = 6161]

Correct Answer :-
- Cluster sampling [Option ID = 6158]

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13) _____ are statistical errors that are due to the sample not representing the target population adequately.

[Question ID = 1542]
1. Parallax errors

   [Option ID = 6162]
2. Computation errors

   [Option ID = 6163]
3. Quantization errors

   [Option ID = 6164]
4. None of these

   [Option ID = 6165]

Correct Answer :-
- None of these

  [Option ID = 6165]

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14) Which of the following is implied from the standard error of the mean formula?
[Question ID = 1543]
1. That true means of populations can be found easier than those of samples [Option ID = 6166]
2. That standard deviation increases with increase in sample size [Option ID = 6167]
3. That larger sample sizes provide greater accuracy in estimating the true population mean [Option ID = 6168]
4. That the true mean of the population can only be calculated using smaller sample sizes [Option ID = 6169]

Correct Answer :-
- That larger sample sizes provide greater accuracy in estimating the true population mean [Option ID = 6168]

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15) Type II error occurs when the test:
[Question ID = 1544]
1. Correctly fails to reject an actually true null hypothesis. [Option ID = 6170]
2. Incorrectly fails to reject an actually false null hypothesis. [Option ID = 6171]
3. Correctly rejects an actually false null hypothesis. [Option ID = 6172]
4. Incorrectly rejects an actually true null hypothesis. [Option ID = 6173]

16) Level of significance is the probability of:
[Question ID = 1545]
1. Incorrectly rejecting an actually true null hypothesis. [Option ID = 6174]
2. Correctly failing to reject an actually true null hypothesis. [Option ID = 6175]
3. Incorrectly failing to reject an actually false null hypothesis. [Option ID = 6176]
4. Correctly rejecting an actually false null hypothesis. [Option ID = 6177]

Correct Answer :-
● Incorrectly rejecting an actually true null hypothesis. [Option ID = 6174]

17) The coefficients of dummy variables in a regression equation are known as _____(i)_____ for the reason that they indicate by how much the value of the category that receives the value of 1 differs from the intercept coefficient of the _____(ii)_____.

[Question ID = 1546]
1. (i) Differential slope coefficients & (ii) Debase category

   [Option ID = 6178]
2. (i) Differential intercept coefficients & (ii) Benchmark category

   [Option ID = 6179]
3. (i) Intercept Coefficients & (ii) Dependent Variable

   [Option ID = 6180]
4. None of these

   [Option ID = 6181]

Correct Answer :-
● (i) Differential intercept coefficients & (ii) Benchmark category

   [Option ID = 6179]

18) If the computed p value of the *JB* statistic in an application is sufficiently low, we can _____ the hypothesis that the residuals are normally distributed

[Question ID = 1547]
1. Accept

   [Option ID = 6182]
2. Neither reject nor accept

   [Option ID = 6183]
3. Reject

   [Option ID = 6184]
4. None of these

   [Option ID = 6185]

Correct Answer :-
● Reject

   [Option ID = 6184]

19) The regression model suffers from severe_____
[Question ID = 1554]
1. Heteroscedasticity [Option ID = 6210]
2. Autocorrelation [Option ID = 6211]
3. Homescedasticity [Option ID = 6212]
4. Multicollinearity [Option ID = 6213]

Correct Answer :-
●

20) FINANCE

How many members are there in Monetary Policy Committee (MPC) constituted by the Central Government under section 45 ZB of the Reserve Bank of India Act, 1934

[Question ID = 1555]
1. 3

   [Option ID = 6214]
2. 5

[Question ID = 6215]

4. None of these
   [Option ID = 6217]

Correct Answer :-
● None of these
   [Option ID = 6217]

21) Which of the following represents the fiscal deficit target as percentage of GDP for FY 2020-21 in Union Budget

[Question ID = 1556]
1. 3.8%
   [Option ID = 6218]
2. 3.3%
   [Option ID = 6219]
3. 3.5%
   [Option ID = 6220]
4. None of these
   [Option ID = 6221]

Correct Answer :-
● 3.5%
   [Option ID = 6220]

22) What is the current level of Cash Reserve Ratio (CRR) set by Reserve Bank of India

[Question ID = 1557]
1. 5%
   [Option ID = 6222]
2. 4.5%
   [Option ID = 6223]
3. 3%
   [Option ID = 6224]
4. None of these
   [Option ID = 6225]

Correct Answer :-
● 3%
   [Option ID = 6224]

23) Who is the new President of the European Central Bank
[Question ID = 1558]
1. Mario Draghi [Option ID = 6226]
2. Mark Carney   [Option ID = 6227]
3. Andrew Bailey [Option ID = 6228]
4. Christine Lagarde [Option ID = 6229]

Correct Answer :-
● Christine Lagarde [Option ID = 6229]

24) Which of the following events would make it more likely that a company would choose to call its outstanding callable bonds?
[Question ID = 1559]
1. The company's bonds are downgraded [Option ID = 6230]
2. Market interest rates rise sharply   [Option ID = 6231]
3. Market interest rates decline sharply [Option ID = 6232]
4. The company's financial situation deteriorates significantly. [Option ID = 6233]

Correct Answer :-
● Market interest rates decline sharply [Option ID = 6232]

25) Based on Capital Asset pricing Model (CAPM), calculate the cost of equity for Hexagon company. Risk free rate in the economy can be assumed as 6.5%, Market return is 11% and beta for Hexagon is 1.3.

[Question ID = 1560]

[Option ID = 6235]
3. 13.35%

[Option ID = 6236]
4. None of these

[Option ID = 6237]

Correct Answer :-
- None of these

[Option ID = 6237]

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26) AB Bearings Company has fixed operating costs of INR 50,000, variable costs of INR 4 per unit produced, and its products sell for INR 8 per unit. What is the company's breakeven point, i.e., at what unit sales volume would income equal costs?

[Question ID = 1561]
1. 15,000

[Option ID = 6238]
2. 12,500

[Option ID = 6239]
3. 10,000

[Option ID = 6240]
4. None of these

[Option ID = 6241]

Correct Answer :-
- 12,500

[Option ID = 6239]

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27) To hedge a bond portfolio against an increase in interest rates, which of the following option position would be the best choice to hedge the downside risk while leaving as much of the upside potential impact

[Question ID = 1562]
1. Long Call

[Option ID = 6242]
2. Collar

[Option ID = 6243]
3. Long Put

[Option ID = 6244]
4. None of these

[Option ID = 6245]

Correct Answer :-
- Long Put

[Option ID = 6244]

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28) Saket has a portfolio worth INR 200 million, INR 50 million of which is his own funds whereas INR 150 million is borrowed funds. If the return on invested funds is 8% and cost of borrowed funds is 6%, calculate the return on the portfolio

[Question ID = 1563]
1. 16%

[Option ID = 6246]
2. 13%

[Option ID = 6247]
3. 14%

[Option ID = 6248]
4. None of these

[Option ID = 6249]

Correct Answer :-
- 14%

[Option ID = 6248]

Which of the following statements about Monte Carlo simulation is least accurate?
[Question ID = 1564]
1. It is useful for estimating a project's standalone risk [Option ID = 6250]
2. It uses best and worst case scenarios to determine most likely scenario [Option ID = 6251]
3. It is capable of using probability distributions for variables as input data [Option ID = 6252]
4. It produces both an expected value and a measure of variability of that value [Option ID = 6253]

Correct Answer :-
● It uses best and worst case scenarios to determine most likely scenario [Option ID = 6251]

30) If the cost of equity is 15%, earnings per share is INR 100, the dividend payout ratio is 50% and return on equity is 10%, the price of share according to Gordon model is

[Question ID = 1565]
1. 400

   [Option ID = 6254]
2. 635

   [Option ID = 6255]
3. 525

   [Option ID = 6256]
4. None of these

   [Option ID = 6257]

Correct Answer :-
● 525

   [Option ID = 6256]

31) Which of the following is not a money market instrument?
[Question ID = 1566]
1. Treasury Bill [Option ID = 6258]
2. Certificate of Deposit [Option ID = 6259]
3. Commercial paper [Option ID = 6260]
4. Treasury Bond [Option ID = 6261]

Correct Answer :-
● Treasury Bond [Option ID = 6261]

32) The slope of the security market line (SML) equals

[Question ID = 1567]
1. Stock Standard Deviation

   [Option ID = 6262]
2. Market Return

   [Option ID = 6263]
3. Stock Beta

   [Option ID = 6264]
4. None of these

   [Option ID = 6265]

Correct Answer :-
● Stock Beta

   [Option ID = 6264]

33) The holding period return on a share of stock is equal to

[Question ID = 1568]
1. The capital gain yield during the period, plus the inflation rate

   [Option ID = 6266]
2. The capital gain yield during the period, plus the dividend yield

   [Option ID = 6267]
3. The current yield, plus the dividend yield

   [Option ID = 6268]
4. None of these

   [Option ID = 6269]

Correct Answer :-

34) Company Cera Ltd. Profit before tax (PBT) is INR 400 million, Tax Rate is 25%, Share capital is INR 200 million and Reserves and Surplus is INR 1,300 million. Calculate the Cera Ltd. Return on equity (ROE)

[Question ID = 1569]

1. 33%

   [Option ID = 6270]
2. 15%

   [Option ID = 6271]
3. 20%

   [Option ID = 6272]
4. None of these

   [Option ID = 6273]

Correct Answer :-

- 20%

   [Option ID = 6272]

35) If a company's return on equity (ROE) is 15%, Net Profit margins are 25% and equity multiplier is 1.2, calculate the Asset Turnover ratio according to Du Pont analysis.

[Question ID = 1570]

1. 0.3

   [Option ID = 6274]
2. 0.4

   [Option ID = 6275]
3. 0.6

   [Option ID = 6276]
4. None of these

   [Option ID = 6277]

Correct Answer :-

- None of these

   [Option ID = 6277]

36) Bharat's equity Portfolio return and standard deviation is 12% and 20% respectively. If the risk-free rate is 6%, beta of portfolio is 0.9 and equity risk premium is 5%, calculate the Jensen's Alpha for portfolio.

[Question ID = 1571]

1. 1.1%

   [Option ID = 6278]
2. 1.8%

   [Option ID = 6279]
3. 1.3%

   [Option ID = 6280]
4. None of these

   [Option ID = 6281]

Correct Answer :-

- None of these

   [Option ID = 6281]

37) Which of the following statements is most accurate?

[Question ID = 1572]

1. Conglomerate mergers combine firms in similar industries

   [Option ID = 6282]
2. Horizontal mergers combine firms in similar industries

   [Option ID = 6283]
3. Vertical mergers are always for moving up the supply chain www.FirstRanker.com

   [Option ID = 6284]

● Horizontal mergers combine firms in similar industries

[Option ID = 6283]

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38) If a portfolio had a return of 50%, the risk-free asset return was 6%, and the standard deviation of the portfolio's returns was 25%, the coefficient of variation (CV) would be

[Question ID = 1573]

1. 1.76

[Option ID = 6286]

2. 2.0

[Option ID = 6287]

3. 0.5

[Option ID = 6288]

4. None of these

[Option ID = 6289]

Correct Answer :-

● 0.5

[Option ID = 6288]

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39) Maxwell Publishing follows a strict residual dividend policy. All else equal, which of the following factors would be most likely to lead to an increase in the firm's dividend per share?

[Question ID = 1574]

1. The company increases the percentage of equity in its target capital structure

[Option ID = 6290]

2. The firm's net income increases

[Option ID = 6291]

3. Earnings are unchanged, but the firm issues new shares of common stock.

[Option ID = 6292]

4. The number of profitable potential projects increases

[Option ID = 6293]

Correct Answer :-

● The firm's net income increases

[Option ID = 6291]

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40) Kenwood Products Ltd. recently completed a 5-for-1 stock split. Prior to the split, its stock sold for INR 500 per share. If the firm's total market value increased by 10% as a result of increased liquidity caused by the split, what was the stock price following the split?

[Question ID = 1575]

1. 100

[Option ID = 6294]

2. 91.67

[Option ID = 6295]

3. 110

[Option ID = 6296]

4. None of these

[Option ID = 6297]

Correct Answer :-

● 110

[Option ID = 6296]

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41) Which of the following statements is Correct?

[Question ID = 1576]

1. Semi-strong-form market efficiency implies that as soon as any public or private information comes into being it is incorporated into stock prices

[Option ID = 6298]

...th-form market efficiency implies that recent trends in stock prices are of no use in predicting future stock prices.
[Option ID = 6299]

...Market Eff...should have the same expected return.
[Option ID = 6300]

4. According to strong-form market efficiency, insiders would find it possible to consistently earn abnormal returns in the stock market even if they have superior knowledge about the company.

[Option ID = 6301]

Correct Answer :-

• Weak-form market efficiency implies that recent trends in stock prices are of no use in predicting future stock prices.

[Option ID = 6299]

42) As the number of stocks in a portfolio is increased
[Question ID = 1577]
1. Unique risk decreases and approaches zero [Option ID = 6302]
2. Market risk decreases [Option ID = 6303]
3. Unique risk decreases and becomes equal to market risk [Option ID = 6304]
4. Total risk approaches zero [Option ID = 6305]

Correct Answer :-

• Unique risk decreases and approaches zero [Option ID = 6302]

43) A project will have only one internal rate of return if:
[Question ID = 1578]
1. The net present value is positive [Option ID = 6306]
2. The net present value is negative [Option ID = 6307]
3. The cash flows decline over the life of the project [Option ID = 6308]
4. There is a one-sign change in the cash flows [Option ID = 6309]

Correct Answer :-

• There is a one-sign change in the cash flows [Option ID = 6309]

44) If an investment project (normal project) has an IRR (Internal rate of Return) equal to the cost of capital, the NPV (net Present value) for that project is
[Question ID = 1579]
1. Positive [Option ID = 6310]
2. Negative [Option ID = 6311]
3. Zero [Option ID = 6312]
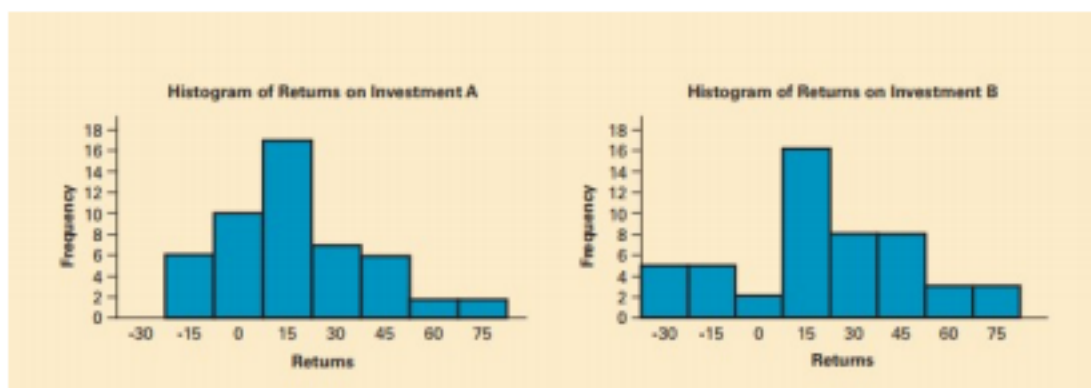4. Unable to determine [Option ID = 6313]

Correct Answer :-

• Zero [Option ID = 6312]

Topic:- FS PHD S2_P2

1) Answer the question

Suppose that you are facing an investment decision problem about where to invest your savings that remains after you have deducted the anticipated expenses for the next year. One of your friends has suggested two types of investment (A & B), and to help make the decision you acquired some rates of return from each type of investments and the collected returns for the two types of investments are presented in the histograms. Carefully examine the histograms and respond to the following questions

Returns from both the investment options (A & B) are _____ skewed.

[Question ID = 1789]
1. Negatively

[Option ID = 7150]

3. mentrally

    [Option ID = 7151]

2. Symmetrically

    [Option ID = 7152]

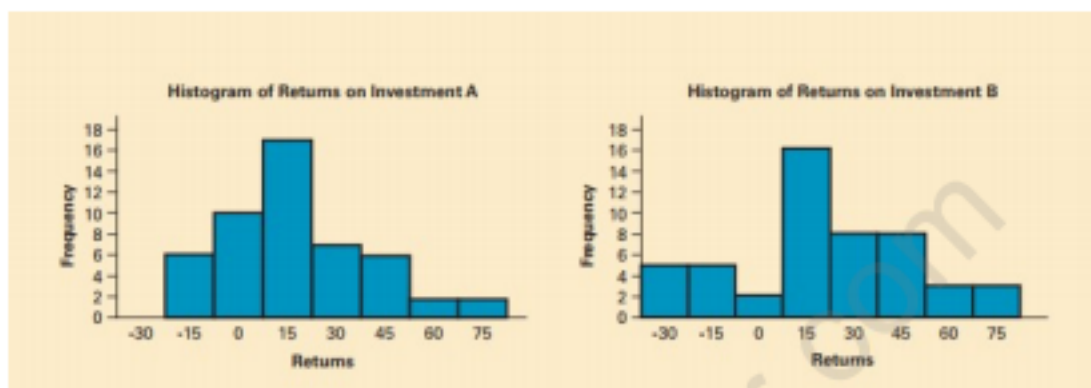4. Positively

    [Option ID = 7153]

Correct Answer :-

• Positively

    [Option ID = 7153]

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2) Answer the question

Suppose that you are facing an investment decision problem about where to invest your savings that remains after you have deducted the anticipated expenses for the next year. One of your friends has suggested two types of investment (A & B), and to help make the decision you acquired some rates of return from each type of investments and the collected returns for the two types of investments are presented in the histograms. Carefully examine the histograms and respond to the following question

The spread of returns for investment A is _____ that for investment B.

[Question ID = 1790]

1. Considerably less than

    [Option ID = 7154]

2. More than

    [Option ID = 7155]

3. Similar to

    [Option ID = 7156]

4. Collinear

    [Option ID = 7157]

Correct Answer :-

• Considerably less than

    [Option ID = 7154]

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3) Answer the question

Suppose that you are facing an investment decision problem about where to invest your savings that remains after you have deducted the anticipated expenses for the next year. One of your friends has suggested two types of investment (A & B), and to help make the decision you acquired some rates of return from each type of investments and the collected returns for the two types of investments are presented in the histograms. Carefully examine the histograms and respond to the following question
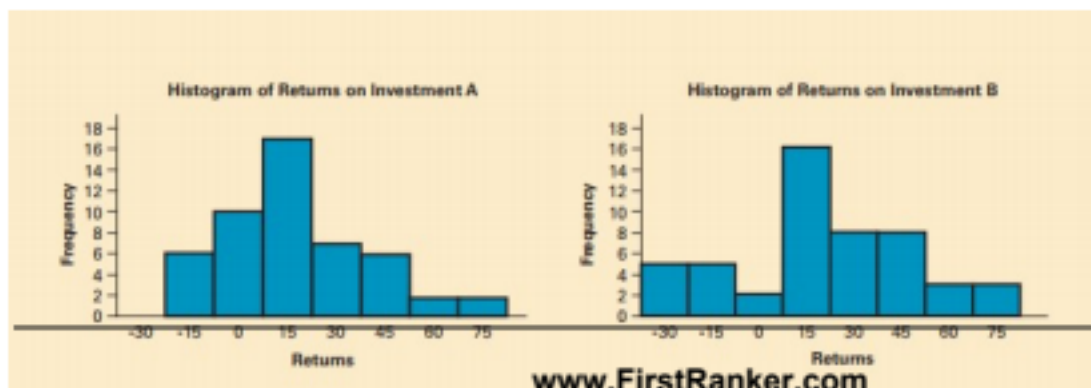
Assuming that investors dislike large spread in returns, investment A is _____ than B

[Option ID = 7158]

2. Underperformer

[Option ID = 7159]

3. Low yielding

[Option ID = 7160]

4. Superior

[Option ID = 7161]

Correct Answer :-

- Superior

[Option ID = 7161]

Topic:- FS PHD S2_P3

1) Answer the question

Consider the following estimated regression results of a Cobb-Douglas function:

$Output = 3.88 + 0.468(Labour) + 0.521(Capital) + e_t$

(9.81) (4.73)   (0.38)

[0.00] [0.00]   [57.00]

Adjusted R-squared = 0.96

Durbin-Watson stat = 2.00

where, Output = log (Output), Labour = log (Labour) and Capital = Log (Capital). Values in (#) are t-values and values in [#] are p-values. Based on these results answer the following questions.

If we increase the labor input by 1%, on average, output goes up by about _____, holding the capital input constant

[Question ID = 1825]

1. 47%

[Option ID = 7294]

2. 4.68%

[Option ID = 7295]

3. 0.47%

[Option ID = 7296]

4. Output will not change at all.

[Option ID = 7297]

Correct Answer :-

- 0.47%

[Option ID = 7296]

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2) Answer the question

Consider the following estimated regression results of a Cobb-Douglas function:

$Output = 3.88 + 0.468(Labour) + 0.521(Capital) + e_t$

(9.81) (4.73)   (0.38)

[0.00] [0.00]   [57.00]

Adjusted R-squared = 0.96

Durbin-Watson stat = 2.00

where, Output = log (Output), Labour = log (Labour) and Capital = Log (Capital). Values in (#) are t-values and values in [#] are p-values. Based on these results answer the following questions.

The impact of change in capital input is statistically _____ on output

[Question ID = 1827]

1. Insignificant

[Option ID = 7302]

...ly significant

[Option ID = 7306]

4. None of these

[Option ID = 7307]

Correct Answer :-

- Insignificant

[Option ID = 7302]

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3) Answer the question

Consider the following estimated regression results of a Cobb-Douglas function:

$$Output = 3.88 + 0.468(Labour) + 0.521(Capital) + e_t$$

$$(9.81) \quad (4.73) \quad\quad\quad (0.38)$$

$$[0.00] \quad [0.00] \quad\quad\quad [57.00]$$

Adjusted R-squared = 0.96

Durbin-Watson stat = 2.00

where, Output = log (Output), Labour = log (Labour) and Capital = Log (Capital). Values in (#) are t-values and values in [#] are p-values. Based on these results answer the following questions.

The computed value of Adjusted R-squared clearly indicate towards a _____ model

[Question ID = 1829]

1. Badly fit

[Option ID = 7310]

2. Inadequately fit

[Option ID = 7311]

3. Best fit

[Option ID = 7312]

4. None of these

[Option ID = 7313]

Correct Answer :-

- Best fit

[Option ID = 7312]