

FOUNDATION COURSE EXAMINATION

June 2017

P-1(FEM)
Syllabus 2012

Fundamentals of Economics and Management

Time Allowed: 3 Hours

Full Marks: 100

The figures in the margin on the right side indicate full marks.

All questions are compulsory, subject to instruction provided against each question.

All workings must form part of your answer.

Assumptions, if any, must be clearly indicated.

Part A (50 marks)

(Fundamentals of Economics)

1. Choose the correct answer from the given four alternatives: 1×10=10
- (i) "Economics as the Science of Material Welfare" was defined by _____.
- (a) Alfred Marshall (b) Robbins
(c) Keynes (d) Adam Smith
- (ii) _____ is the first Law of Consumption.
- (a) The Law of Diminishing Marginal Utility (b) The Law of Demand
(c) The Law of Increasing Returns (d) The Law of Supply
- (iii) _____ Cost is also known as Alternative Cost.
- (a) Opportunity (b) Actual
(c) Real (d) Money
- (iv) On the basis of time, markets are classified into _____ kinds.
- (a) 4 (b) 3
(c) 2 (d) 5
- (v) The act of selling the same commodity at different prices to different buyers is known as _____.
- (a) Price Leadership (b) Differential Pricing
(c) Pricing Policy (d) Skimming Pricing
- (vi) The Quantity Theory of Money was reformulated by _____.
- (a) Alfred Marshall (b) Robbins
(c) Keynes (d) Adam Smith

Please Turn Over

(vii) Current _____ depends upon current gross income *minus* tax liabilities.

- (a) savings (b) consumption
(c) profit (d) capital

(viii) The General Insurance Corporation of India was formed as a _____ in 1972.

- (a) Government Company (b) Private Company
(c) Corporation (d) Partnership

(ix) Corporate Sector is sub-divided into _____ sections.

- (a) 2 (b) 3
(c) 4 (d) 5

(x) The Unit Trust of India was set up on 1st February _____.

- (a) 1944 (b) 1954
(c) 1964 (d) 1974

2. Fill in the blanks:

1×5=5

- (i) Production creates _____ utility.
(ii) _____ Revenue is the revenue per unit of the commodity sold.
(iii) The _____ is the net current product of the capital goods *minus* the cost of the capital goods.
(iv) _____ inflation is a situation when in an economy aggregate demand exceeds aggregate supply.
(v) _____ is the apex body in the rural credit system.

3. Match the following:

1×5=5

- (i) Issuing Notes (a) Deficit Spending for a depressionary economy
(ii) Fixed Cost (b) Rising Price Level
(iii) J.M. Keynes (c) Open Market Operations
(iv) Inflation (d) Central Bank
(v) Quantitative Credit Control (e) Period Cost

4. State whether the following statements are True or False: 1×5=5
- (i) Deforestation caused land degradation and soil erosion.
 - (ii) India is one of the wettest countries in the world.
 - (iii) Economics is not a social science.
 - (iv) The planned level of investment is positively related to interest rate.
 - (v) In monopoly, the seller has no control over the supply of that commodity.
5. Give the answer in one sentence for *any five* from the following: 1×5=5
- (i) Macro Economics
 - (ii) Total Cost
 - (iii) Returns to Scale
 - (iv) Oligopoly
 - (v) Limit Pricing
 - (vi) Gross National Product
 - (vii) Open Inflation
 - (viii) Bank Rate Policy
6. Answer *any one* of the following questions: 10×1=10
- (i) Analyse the determinants of market demand.
 - (ii) Briefly explain the causes of Inflation.
7. Answer *any two* of the following questions: 5×2=10
- (i) Discuss the causes of environmental degradation.
 - (ii) Explain the essentials of a sound banking system.
 - (iii) How can monopoly be controlled?
 - (vi) State the methods of measuring National Income.

Part B (50 marks)
(Fundamentals of Management)

1. Choose the correct answer from the given four alternatives. 1×10=10
- (i) The concept of 'Management by objectives' was introduced by _____.
- (a) Frederick Herzberg (b) F.W. Taylor
(c) Elton Mayo (d) Peter F. Drucker
- (ii) Under Fayol's 14 Principles of Management, which one of the following factor is related with *Esprit de Corps*?
- (a) Division of Work (b) Team Work
(c) Personal Ability (d) Personal Interest
- (iii) Which one of the following examples is not included in the intangible premises of planning?
- (a) Public Relations (b) Employee Morale
(c) Labour Hours (d) Competitive Strength
- (iv) In making a decision, 'Game Theory' is useful under the conditions of _____.
- (a) Certainty (b) Various Probabilities
(c) Competitive Rivalry (d) Irregular Demand
- (v) Heuristic technique refers to the _____.
- (a) Trial and Error technique (b) Group Decision-making technique
(c) Brain Storming technique (d) Critical Problem-solving technique
- (vi) Direction is a _____.
- (a) Discreet process (b) Continuous process
(c) One-way process (d) Circular process

- (vii) Coercive power is the _____.
- (a) power to grant or withhold the rewards to others
- (b) power to punish others for not carrying out orders
- (c) power of dominance over others through specialized knowledge
- (d) power of attracting people towards a person himself or herself
- (viii) Which one of the following needs is missing in the 'Hierarchy of Needs' theory?
- (a) Psychological needs
- (b) Physiological needs
- (c) Safety needs
- (d) Wealth needs
- (ix) In the case of selecting candidates in a organization, the first step is _____.
- (a) Preliminary Interview
- (b) Background Investigation
- (c) Blank Application
- (d) Medical Examination
- (x) When communication flows from top to bottom, it is known as _____.
- (a) Upward Communication
- (b) Downward Communication
- (c) Horizontal Communication
- (d) Formal Communication

2. Fill in the blanks:

1×5=5

- (i) Programmed decisions are concerned with _____.
- (ii) _____ is known as the father of Scientific Management.
- (iii) PERT stands for _____.
- (iv) The last step of communication is _____.
- (v) Two-factor Theory was proposed by _____.

3. Match the following:

1×5=5

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|-----------------------------------|--|
| (i) Classical Organization Theory | (a) Method of Training |
| (ii) Behavioural Theory | (b) Likert's System of Management |
| (iii) Organizing | (c) Elton Mayo |
| (iv) Group Discussion | (d) Identification of Activities |
| (v) Benevolent Autocratic | (e) Work and Economic Needs of Workers |

4. State whether the following statements are True or False:

1×5=5

- (i) Planning is a discrete process.
- (ii) The first step of Decision-making process is identifying the problems.
- (iii) The last step of Organizing process is co-ordination.
- (iv) Communication is a one-way process.
- (v) Campus Recruitment is an example of Internal Source of Recruitment.

5. Define *any five* of the following:

1×5=5

- (i) Standing Plans
- (ii) Commanding
- (iii) Controlling
- (iv) Delegation of Authority
- (v) Leadership
- (vi) Selection
- (vii) Supervision
- (viii) Management Information System (MIS)

6. Answer *any four* of the following questions:

5×4=20

- (i) Explain Max Weber's six Principles of Management.
- (ii) Explain the steps in the planning process.

- (iii) Distinguish between Leadership and Management. Explain the essential qualities of a successful leader. 1+4=5
- (iv) Define Group. Explain different stages of group formation. 1+4=5
- (v) State different ways to overcome the barriers to Communication.
- (vi) Define Organizational Conflict. Analyze the causes of Organizational Conflict. 1+4=5
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