

**Paper 01 – Fundamental of Economics and
Management.**

Postal Test Paper_P1_Foundation_Syllabus 2016_Set 2

Paper 1- Fundamentals of Economics and Management.

Full Marks: 100

Time allowed: 3 hours

Section A

1. Answer all the following questions.

(a) Multiple choice questions: [10×1=10]

(i) Which of these will have highly inelastic supply

- (a) Perishable goods
- (b) Consumer durables goods
- (c) Items of elite class consumption
- (d) All the three

(ii) Which of the following is near money?

- (a) Bill of exchange
- (b) Saving bonds
- (c) Gilt edged securities
- (d) All the three

(iii) RBI was nationalized in

- (a) June 1947
- (b) Jan. 1949
- (c) March 1954
- (d) April 1936

(iv) Nature of PPF curve is

- (a) Convex to the origin
- (b) Concave to the origin
- (c) Both
- (d) none

(v) Micro Economics theory deals with -

- (a) Economy as a whole
- (b) Individual units
- (c) Economic growth
- (d) all the above

(vi) Supply of money refers to

- (a) Total money held by the public
- (b) Total money held by RBI
- (c) Total money with all the commercial banks and RBI
- (d) Total money in Government account

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(vii) Which of these is associated with a monopolistic competitive market -

- (a) Product differentiation
- (b) Homogeneous product
- (c) Normal in short run
- (d) Single buyer

(viii) The demand for salt is inelastic, because

- (a) of low price
- (b) absence of it makes food tasteless
- (c) no substitutes
- (d) All the three

(ix) Internal Economies and Diseconomies arise due to -

- (a) Overall industry-level changes
- (b) Changes at the Firm Level
- (c) Both (a) and (b)
- (d) Neither (a) nor (b)

(x) Human wants are -

- (a) limited
- (b) unlimited
- (c) undefined
- (d) none

(b) Match the following:

[5×1=5]

	Column 'A'		Column 'B'
1.	Credit Creation	A.	Monetary Policy
2.	RBI	B.	Average Cost
3.	Substitution Effect	C.	Fixed factor
4.	AFC + AVC	D.	Commercial Bank
5.	Land	E.	Demand Curve

(c) Fill in the blanks:

[5×1=5]

- (i) If the supply curve is parallel to ox-axis than the supply is_____.
- (ii) When the total utility is maximum, then the marginal utility is_____.
- (iii) ATC curve will be in_____shaped.
- (iv) In deductive method the logic proceed from_____to_____.
- (v) Perfectly elastic demand curve is_____.

(d) State whether the following statements are True or False:

[5×1=5]

- (i) RBI issues the one rupee notes and coins.

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- (ii) The terms micro & macro are introduced by Ragnar Frisch.
- (iii) The main cause for the 'U' shape of LAC curve shifts upwards.
- (iv) In perfect market $AR=MR$ curve is parallel to ox-axis.
- (v) Science is practical, but Art is theoretical.
- (e) Define the following. [5×1=5]
(i) CRR.
(ii) Monopoly.
(iii) Marginal Revenue.
(iv) Scarcity.
(v) Consumer Surplus.
- (f) Answer any one of the following: [10×1=10]
(i) What is commercial bank? What are the functions of commercial bank?
(ii) Define money and explain the function of money?
- (g) Write a note on any two of the following: [2×5=10]
(i) IMF.
(ii) Exim Bank.
(iii) Elasticity of Demand.
(iv) Features of perfect competition.

Section – B

2. Answer the following question.

- (a) Multiple choice questions: [10×1=10]
- (i) Duties should be assigned according to _____ subordinates.
(a) Qualifications
(b) Experience
(c) Aptitude of
(d) All of the above
- (ii) _____ needs are at the base of the Hierarchy according to Maslow.
(a) Safety needs
(b) Esteem needs
(c) Physiological needs
(d) Self-actualisation needs
- (iii) The term 'Power' is often considered as synonymous to.
(a) Responsibility
(b) Accountability
(c) Authority
(d) Control
- (iv) The process of co-ordination must begin in the early stages of -
(a) Control
(b) Planning

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- (c) Organising
(d) Staffing

(v) Which of the following is not a financial incentive?

- (a) Pay
(b) Allowance
(c) Recognition
(d) Bonus

(vi) Which leadership style permits quick decision making?

- (a) Democratic style
(b) Laissez – Fair Leadership
(c) Authoritarian Leadership
(d) None of the above

(vii) CPC means -

- (a) Critical path control
(b) Critical point control
(c) Critical point complaint
(d) Critical point complex

(viii) Who considered co-ordination as a permeating function of management passing through the managerial functions of planning, organizing, staffing, leading and controlling?

- (a) George Terry and Theo Haimann
(b) Henry Fayol
(c) Haynes and Massie
(d) Hicks and Gullet

(ix) Control function is closely connected to -

- (a) Planning
(b) Organizing
(c) Co-ordination
(d) All of the above

(x) Flexibility and Pragmatism are two important pre-requisites of success of planning.

- (a) Strategic
(b) Operations
(c) Corporate

(d) Long range

(b) Match the following: [5×1=5]

	Column 'A'		Column 'B'
1.	Decoding	A	Henry Fayol
2.	Control by Exception	B	Flows in all direction
3.	Father of Modern Management	C	Superior and subordinate
4.	Delegation of Authority	D	Management by Exception
5.	Power	E	Interpretation of message

(c) Fill in the blanks:

[5×1=5]

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- (i) Responsibility flow_____.
- (ii) Management is both an art and a_____.
- (iii) Theory_____ is based on a faulty conception of human nature.
- (iv) _____ is a relationship between two individuals-one superior and the other subordinate.
- (v) The internal sources of recruitment include the employees on the_____.
- (d) State whether the following statements are True or False: [5×1=5]
- (i) Objectives, Policies, Procedures and rules are important single use plans.
- (ii) Carrot and Stick approach to motivation is adopted under Benevolent autocratic system.
- (iii) Brain storming is one of the participative techniques.
- (iv) Rule of thumb to be replaced by rule of science to improve the standard of performance.
- (v) Responsibility flows downward.
- (e) Define the following. [5×1=5]
- (i) Decentralization.
- (ii) Participative Leadership.
- (iii) Induction.
- (iv) Feed forward control.
- (v) Authority.
- (f) Answer any four of the following questions. [4x5= 20]
- (i) Explain the quantitative techniques of decision making.
- (ii) Define communication and explain the steps in communication process.
- (iii) Define Leadership and explain the characteristics of Leadership.
- (iv) Define planning and explain the characteristics of planning.
- (v) Define control and explain the principles of control.
- (vi) Distinguish between Delegation and Decentralization.