

Paper 1 - Fundamentals of Economics and Management

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Full Marks :100

Time allowed: 3 hours

PART A (50 Marks)
(Fundamentals of Economics)

1. Choose the correct answer from the given four alternatives: [10×1 = 10]

1. Who was the father of Economics
(a) Marshall
(b) Adam smith
(c) Robbins
(d) Keynes
2. Ceteris paribus means
(a) Demand constant
(b) supply constant
(c) other thing being constant
(d) none
3. In the long run a firm in perfect competition earns
(a) Normal profit only
(b) Abnormal profit
(c) Average profit of past five years
(d) 12.33% profit on capital employed
4. A firm faces the shut down situation when
(a) Price is less than average variable cost
(b) Price is more than the average variable cost
(c) Price is equal to fixed cost
(d) Price is more than the average fixed cost
5. Which shows the functional relationship between consumption and income
(a) Income function
(b) consumption function
(c) Saving function
(d) None
6. Formula for investment multiplier (k) =
(a) $\frac{\Delta y}{\Delta I}$
(b) $\frac{1}{1-mpc}$
(c) $\frac{1}{mps}$
(d) All the above
7. Which of the following is the oldest system of money?
(a) Barter
(b) Plastic money
(c) Credit money
(d) Gold
8. Optional money is a
(a) Legal tender money
(b) Non-legal tender money
(c) Limited legal tender money
(d) Full bodied money
9. Which is the apex bank for agricultural credit in India?
(a) RBI
(b) SIDBI
(c) NABARD
(d) IDBI
10. EXIM Bank was established in

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- (a) Jan. 1982
- (b) March 1984
- (c) Feb. 2001
- (d) August 1975

II. Fill in the blanks: [5×1=5]

- 1. According to _____ definition economics is a social science
- 2. Price rigidity is the feature of _____ market
- 3. Real GNP per capita = _____
- 4. According to Fisher theory money is demanded for _____ purpose
- 5. Credit creation is the function of _____ banks.

III. Match the following [5×1=5]

	Column 'A'		Column 'B'
1.	Bank Rate	A	Tax Policy
2.	Interdependence	B	Manila
3.	MPC	C	RBI
4.	Liquidity Preference	D	Keynes
5.	ADB	E	Oligopoly

IV. State whether the following statement is True (or) False. [5×1=5]

- 1. Railways is an example of perfect market.
- 2. Income method is also called value added method.
- 3. There is a direct relationship between price level and value of money.
- 4. Bank is said to be dealer in debt.
- 5. ICICI is a public sector bank.

V. Define the following (any five): [5×1=5]

- 1. Selling costs
- 2. Economic growth
- 3. Gresham's Law
- 4. Overdraft
- 5. Density of Population
- 6. Marginal Revenue
- 7. What is Monopoly?
- 8. Expand RBI.

VI. Answer any one of the following [1×10= 10]

- 1. Define National Income and explain the methods of measurement of National Income and State any five problems involved in the calculation of National Income.
- 2. Define Commercial Bank and explain the function of commercial banks

VII. Answer any two of the following [2×5 = 10]

- 1. What are the central Economic problems of every economy?
- 2. What are the features of perfect competition Market?
- 3. State the differences between fixed costs and variable costs?
- 4. What are the internal Economies?

**PART B (50 Marks)
(Fundamentals of Management)**

1. Choose the correct answer from the given four alternatives: [10×1 = 10]
1. Which is not one of Fayol's principles:
 - (a) Authority and responsibility
 - (b) Line of authority
 - (c) Globalization
 - (d) Unity of command
 2. Which of the following is not a fundamental characteristics of Bureaucratic Management?
 - (a) Specialisation of labour
 - (b) Well defined hierarchy
 - (c) Striving to be a 'first-class worker'
 - (d) Formal rules and regulations.
 3. According to Fayol's 14 principles of management, 'esprit de corps' refers to which of the following?
 - (a) Being treated fairly and kindly.
 - (b) Spirit of the corporation.
 - (c) Team work and harmony.
 - (d) Spirit of work.
 4. What is the meaning of the acronym HRM?
 - (a) Humane Resource Management.
 - (b) Humanistic Resource Management.
 - (c) Human Resource Management.
 - (d) Human Relations Management.
 5. The standard performances need to be adjusted after measuring with:
 - (a) actual performances
 - (b) costs
 - (c) time involved
 - (d) external factors
 6. Which step in Maslow's Hierarchy of Needs Theory deals with achieving one's potential?
 - (a) Esteem
 - (b) Physiological
 - (c) Self-actualization
 - (d) Social
 7. Which of the following is the second stage of group formation.
 - (a) Forming stage
 - (b) Initial integration stage
 - (c) Storming stage
 - (d) None of the above
 8. The study of forces operating within a group is known as ____
 - (a) Group Cohesiveness
 - (b) Group Dynamics
 - (c) Both (a) and (b)
 - (d) None of the above
 9. Sayles classifies informal groups are:
 - (a) Apathetic Groups
 - (b) Erratic Groups
 - (c) Strategic Groups
 - (d) All of the above
 10. Which type of conflict-handling intention results in a person withdrawing from conflict?
 - (a) competing
 - (b) avoiding
 - (c) accommodating
 - (d) compromising

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II. Fill in the blanks: [5×1=5]

1. Father of Bureaucratic Management is _____
2. There should be _____ between authority and responsibility.
3. According to Herzberg's motivation hygiene theory, the opposite of satisfaction is _____
4. Free Rein Leadership is also known as _____
5. _____ happens because people have different beliefs, priorities and interests and sometimes those interests clash.

III. Match the following [5×1=5]

	Column 'A'		Column 'B'
1.	Informal Communication	A	Stage of Group Formation
2.	Hygiene Factors	B	Superior Subordinate Relationship
3.	Cybernetics	C	Grapevine Communication
4.	Forming	D	Norbert Weiner
5.	Span of Management	E	Herzberg's Model

IV. State whether the following statements are True (or) False. [5×1= 5]

1. Standing plans are flexible.
2. Planning includes decision-making.
3. ERG relates to existence, relatedness and growth.
4. The process of communication: Sender – Decoding – Transmission of Message – Receiver – Encoding – Feedback.
5. Management is a science as well as an art.

V. Define any Five of the following: [5×1 = 5]

1. Span of Control
2. Define planning.
3. Define Control.
4. Espirit de corps
5. Encoding
6. Motivation
7. Strategic Groups
8. Adjourning

VI. Answer any four of the following questions. [4×5=20]

1. What are the principles of Bureaucratic Management?
2. What are the advantages of Forecasting?
3. Explain the importance of delegation of authority .
4. What are the qualities of a Successful Leader?
5. Explain the reasons for Group Formation.
6. What are the ways of managing conflicts in organization?