

Paper 1 - Fundamentals of Economics and Management

Paper 1 - Fundamentals of Economics and Management

Full Marks :100

Time allowed: 3 hours

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

This question paper has two sections.

Both the sections are to be answered subject to instructions given against each.

Section A

I. Choose the correct answer from the given four alternatives: [20 × 1 = 20]

1. Who was the father of Economics
 - (a) Marshall
 - (b) Adam Smith
 - (c) Robbins
 - (d) Keynes

2. Micro Economics theory deals with.
 - (a) Economy as a whole
 - (b) Individual units
 - (c) Economic growth
 - (d) all the above

3. _____ tells us the rate of change in demand.
 - (a) Elasticity of demand
 - (b) Consumption analysis
 - (c) Demand analysis
 - (d) Consumer surplus

4. Point elasticity was propounded by
 - (a) Adam Smith
 - (b) Marshall
 - (c) Robbins
 - (d) Keynes

5. The average _____ and output will have inverse functional relationship.
 - (a) fixed cost
 - (b) variable cost
 - (c) total cost
 - (d) marginal cost

6. Price elasticity demand of product will be more, if it
 - (a) Has no substitutes
 - (b) Has a number of substitutes

- (c) Is an item of necessity
 - (d) Is a life saving product
7. An increase in price will result in an increase in total revenue if _____
- (a) Percentage change in quantity demanded is greater than the percentage change in price
 - (b) Percentage change in quantity demanded is less than the percentage change in price
 - (c) Percentage change in quantity demanded is equal to the percentage change in price
 - (d) None of the above
8. Returns to a variable factor operates in _____
- (a) Short run
 - (b) Long run
 - (c) either 'a' or 'b'
 - (d) neither 'a' nor 'b'
9. Select the quantitative credit control method from the following alternatives:
- (a) Moral suasion
 - (b) Open market operations
 - (c) Rationing of credit
 - (d) Licensing of branches
10. Which of these will have highly inelastic supply
- (a) Perishable goods
 - (b) Consumer durables goods
 - (c) Item of elite class consumption
 - (d) All the three
11. Why does the Law of Increasing Returns operate?
- (a) Full use of fixed indivisible factors
 - (b) Efficiency of variable factors
 - (c) Need to reach the right combination
 - (d) All the above
12. 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% profits on capital employed
13. In the long run price is governed by _____.
- (a) Cost of production
 - (b) Demand- Supply forces
 - (c) Marginal utility

- (d) None of the above
14. Which of these is/are associated with monopolistic competitive market
- (a) Product differentiation
 - (b) Homogeneous product
 - (c) Normal in short run
 - (d) Single buyer
15. What is the maximum point of TP?
- (a) When AP become zero
 - (b) When MP become zero
 - (c) At the intersecting point of AP & MP
 - (d) None of these
16. Which of these would lead to fall in demand for money?
- (a) Inflation
 - (b) Increase in real income
 - (c) Increase in real rate of interest
 - (d) Increase in wealth
17. FERA has been replaced by _____
- (a) FINA
 - (b) FEMA
 - (c) FENA
 - (d) MRTTP
18. _____ is a qualitative credit control instrument used by the Central Bank.
- (a) Bank Rate Policy
 - (b) Moral Suasion
 - (c) Open Market Operations
 - (d) CCR
19. Financial markets are classified into Money Market and _____.
- (a) Bullion Market
 - (b) Capital Market
 - (c) Stock Market
 - (d) National Market
20. Which of these is near money?
- (a) Bills of exchange
 - (b) Savings Bond
 - (c) Gilt edged securities
 - (d) All of these

II. Match the following

[5 × 1 = 5]

	Column 'A'		Column 'B'
1.	Commercial Banks	A	Factor of production
2.	Durable Goods	B	Average Cost
3.	Labour	C	Acceptance of Deposits
4.	Creation of Utility	D	Inelastic Demand
5.	AFC + AVC	E	Production

III. State whether the following statement is True (or) False.

[5 × 1 = 5]

1. In perfect market $AR > MR$
2. When TP is maximum, then AP is zero
3. Perfectly Elastic Demand Curve is parallel to 'X' axis.
4. According to Fisher – Money is demanded for Transaction purpose.
5. Collateral loans are given by Commercial Banks without security.

IV. Answer any four of the following questions.

[4 × 5 = 20]

1. State the determinants of demand. 5
2. Explain "Return to Scale". 5
3. What do you understand by the term 'Labour'? State its features. 5
4. Enumerates the features of monopoly. 5
5. Explain the function of Commercial Bank. 5
6. Explain the measures to improve the Indian Money Market. 5

Section B

I. Choose the correct answer from the given four alternatives:

[20 × 1 = 20]

1. In which approach, the task of planning is entrusted to a select team of managers.
(a) Top down approach
(b) Bottom up approach
(c) Either 'a' or 'b'
(d) Team approach
2. Formal communication is always
(a) Written
(b) Oral
(c) Both 'a' and 'b'
(d) None of the above
3. _____ serve as bridges between activities and outcomes
(a) Policies

- (b) Methods
 - (c) Procedures
 - (d) Rules
4. Which one is not a barrier to communication?
- (a) Filtering
 - (b) Emotions
 - (c) Message
 - (d) Language
5. The process of communication starts with _____
- (a) Supervisor
 - (b) Sender
 - (c) Receiver
 - (d) Medium
6. Which one of the following is the principle of direction?
- (a) Harmony of objectives
 - (b) Unity of command
 - (c) Follow-up
 - (d) All of the above
7. _____ is aimed at maintaining harmony among employees and groups in an organisation
- (a) Direction
 - (b) Supervision
 - (c) Planning
 - (d) Control
8. _____ is the right to act and extract obedience from others
- (a) Power
 - (b) Authority
 - (c) Responsibility
 - (d) None of the above
9. _____ is concerned with providing the organization with the right number of people, at the right place and at the right time so that the organization would be able to achieve its goals effectively.
- (a) Recruitment
 - (b) Staffing
 - (c) Selection
 - (d) Development
10. Delegation may be
- (a) Specific or general
 - (b) Written or implied

- (c) Formal or informal
(d) All of the above
11. _____ skills are related to the problem identification and prescribing appropriate solution.
(a) Decision making skills
(b) Interpersonal skills
(c) Operative skills
(d) All of the above
12. Authority and _____ should be co-extensive.
(a) Power
(b) Responsibility
(c) Accountability
(d) Command
13. Control function is closely connected to _____.
(a) Planning
(b) Organising
(c) Coordination
(d) All of the above
14. Decentralisation suffers from the following limitation
(a) Relief to top executive
(b) Expensive
(c) Quick decision
(d) Executive development
15. Post control is also known as _____.
(a) Feedback control
(b) Concurrent Control
(c) Pre-control
(d) Fast forward control
16. Strategic decisions are made at which level.
(a) Middle level
(b) Lower level
(c) Top Level
(d) At all levels
17. Assignment of duties is meaningless unless adequate authority is given to _____.
(a) Subordinates
(b) Peers
(c) Superiors
(d) All of the above

18. A decision to launch a new production plant is
- (a) Programmed decision
 - (b) Non-routine decision
 - (c) Personal decision
 - (d) Organisational decision
19. Tactical decisions are also known as
- (a) Operational Decisions
 - (b) Programmed decision
 - (c) Non-programmed decision
 - (d) Strategic Decision
20. The message to be transmitted through verbal medium may be
- (a) Orders
 - (b) Instructions
 - (c) Reports
 - (d) All of the above

II. Match the following

[5 × 1 = 5]

	Column 'A'		Column 'B'
1.	Theory X	A	Social needs
2.	Theory Y	B	Management by exception
3.	Maslow's Model	C	Self direction and Self control
4.	Control by exception	D	Standing Plans
5.	Strategies	E	Inherent dislike for work

III. State whether the following statement is True (or) False.

[5 × 1 = 5]

- 1. Apprenticeship training is best example for off the job training.
- 2. Work is natural like rest or play according to theory Y.
- 3. Authority means ability to do something.
- 4. Responsibility flows downwards.
- 5. A superior is always responsible to his subordinate.

IV. Answer any four of the following questions.

[4 × 5 = 20]

- 1. State the distinction between delegation and decentralization. 5
- 2. Write a note on 'Span of Management' 5
- 3. Discuss any five principles of control. 5
- 4. State some important external sources of recruitment. 5
- 5. "Bureaucratic structures evolved from traditional structures". Comment. 5
- 6. What are the grounds on which Maslow's need hierarchy theory is criticized? 5