

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. Law of demand, there is a _____ relationship between price and demand.
(a) Inverse
(b) How to produce
(c) Whom to produce
(d) How the problem should be solved

2. The supply function of product 'x' is given as, $S_x = 5p_x + 3$. Where p_x stands for price. The quantity supplied corresponding to price 2 will be _____
(a) 10
(b) 13
(c) 16
(d) 18

3. Which of the following is not a factor in market supply of a product?
(a) Cost of production
(b) Number of buyers
(c) Market price of the product
(d) Price of related products

4. Money market deals with _____.
(a) Short term credit
(b) Long term credit
(c) Both a & b
(d) None of the above

5. Certificate of deposits are issued by the banks to _____.
(a) Individual
(b) Companies
(c) P.S.U.s
(d) All of the above

6. Generally commercial bills are prepared for the period of _____ days
(a) 90

- (b) 180
 - (c) 360
 - (d) 365
7. Scarcity definition was given by _____
- (a) Adam Smith
 - (b) Alfred Marshall
 - (c) Robbins
 - (d) Samuelson
8. Repo transactions means
- (a) Sale of securities by the holder to the investor with the agreement to purchase them at a predetermined rate and date.
 - (b) Sale of securities by the holder to the investor with the agreement to resell them at a pre-determined rate and date.
 - (c) Sale and purchase of securities by the holder to the investor with the agreement to purchase them at the prevailing rate and date.
 - (d) Sale of securities by the holder to the investor to the investor with the agreement to purchase them at market driven rate.
9. EXIM Bank is authorized to raise loan from _____.
- (a) Reserve Bank of India
 - (b) Government of India
 - (c) International Market
 - (d) Trading activities
10. Which of these affects the demand for money?
- (a) Real Income
 - (b) Price level
 - (c) Rate of Interest
 - (d) All of the above
11. Which of the following function does money serve when used to measure the prices of different goods and services?
- (a) Store of value
 - (b) Medium of exchange
 - (c) Standard of value
 - (d) Display of power
12. Bonds and Government Securities refer to _____ money.
- (a) Near
 - (b) Call
 - (c) Optional
 - (d) None of the above
13. A firm that makes profit in excess of normal profit is earning _____.
- (a) Economic Profit

- (b) Costing Profit
 - (c) Real Profit
 - (d) Super normal profit
14. In the long run a firm in perfect competition earns
- (a) Normal profit only
 - (b) Abnormal profit
 - (c) Average profit
 - (d) 8.33% of capital employed
15. Variable factor means those factors of production
- (a) Which can be only charged in the long run
 - (b) Which can be changed in the short run
 - (c) Which can never be changed
 - (d) Any of the above
16. What is the maximum point of TP
- (a) When AP becomes zero
 - (b) When MP becomes zero
 - (c) At the intersecting point of AP & MP
 - (d) None of these
17. Identify the correct statement.
- (a) AP is at its maximum when $MP=AP$
 - (b) Laws of increasing returns to scale relates to the effect of changes in factor proportion.
 - (c) Economies of scale arise only because indivisibilities of factor proportions
 - (d) All the statements are correct
18. Human wants are
- (a) limited
 - (b) unlimited
 - (c) undefined
 - (d) none
19. Which of these will have highly inelastic supply
- (a) Perishable goods
 - (b) Consumer durables
 - (c) Luxury goods
 - (d) All of these
20. Any point beyond PPF is _____
- (a) attainable
 - (b) unattainable
 - (c) Both 'a' & 'b' together
 - (d) Either 'a' or 'b'

II. Match the following

[5 × 1 = 5]

	Column 'A'		Column 'B'
1.	Principles of Economics	A	Keynes
2.	Banks	B	Marshall
3.	Macro Economics	C	Movement of DD' curve
4.	Fiscal policy	D	Credit Creation
5.	Contraction of demand	E	Public Debt

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

[5 × 1 = 5]

1. Price discrimination is possible due to elasticity
2. The supply curve in case of land is parallel to X-axis
3. There is an inverse relationship between income and demand.
4. Railways is an example of perfect market.
5. When $MC=MR$ the firm will get maximum profits..

IV. Answer any four of the following questions.

[4 × 5 = 20]

1. What are the exceptions to the laws of demand? 5
2. State the functions of Indian Money Market. 5
3. What should be the essentials of a sound banking system? 5
4. Define the following:
(a) Relatively elastic demand
(b) Relatively inelastic demand [2.5 × 2 = 5]
5. What are the features of Monopolistic Competition? 5
6. Differentiate between returns to a variable factor and returns to scale. 5

Section B

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

[20 × 1 = 20]

1. When an individual learns several different jobs within a work unit or department it is known as
(a) Coaching
(b) Vestibule training
(c) Apprenticeship training
(d) Job rotation
2. _____ skill are related to the maintenance of successful relationship between peers and subordinates.
(a) Decision making
(b) Operative

- (c) Inter-personal
(d) All of the above
3. The first step in control process is
(a) Measurement of actual performance
(b) Establishment of standards
(c) Judging the action
(d) Comparison of actual with standards
4. _____ without corresponding controls are apt to hollow hopes
(a) Planning
(b) Organising
(c) Staffing
(d) Directing
5. Determination of the job to which an accepted candidate is to be assigned and his assignment to that job is called _____
(a) Placement
(b) Orientation
(c) Induction
(d) None of the above
6. Manpower planning is also known as _____
(a) Human Resource Accounting
(b) Human Resource Planning
(c) Manpower Management
(d) All of the above
7. _____ is the process which involves growth of an employee
(a) Training
(b) Development
(c) Education
(d) All of the above
8. _____ refers to assigning rank and responsibility
(a) Training
(b) Development
(c) Education
(d) Placement
9. _____ is vital for determining personnel needs of the organisation in future.
(a) Recruitment
(b) Staffing
(c) Man-power planning
(d) Development

10. According to Mary Parker Follet which one is not the principle for achieving effective coordination?
- (a) Continuity
 - (b) Early beginning
 - (c) Self-coordination
 - (d) Management Audit
11. _____ emphasized that harmony of objectives is crucial to the success of direction.
- (a) F.W. Taylor
 - (b) Henry Fayol
 - (c) Peter Drucker
 - (d) William Terry
12. Goal incongruence may lead to _____
- (a) Ineffectiveness
 - (b) Inefficiency
 - (c) Both 'a' & 'b'
 - (d) Either 'a' or 'b'
13. _____ involves the selection of language in which the message is to be given.
- (a) Medium
 - (b) Decoding
 - (c) Encoding
 - (d) Feedback
14. Tendency of people to interpret the same message in different ways may act as a _____ barrier.
- (a) Semantic
 - (b) Emotional
 - (c) Language
 - (d) Time
15. According to Likert, which system of management is ideal system?
- (a) System 1
 - (b) System 2
 - (c) System 3
 - (d) System 4
16. Which leadership style permits quick decision making?
- (a) Democratic style
 - (b) Authoritarian style
 - (c) Free-reign
 - (d) All of the above
17. Carrot and stick approach to motivation is adopted under which system?

MTP_Foundation_Syllabus 2016_Jun 2017_Set 2

- (a) Exploitative Autocratic
- (b) Benevolent Autocratic
- (c) Consultative
- (d) Democratic

18. _____ is a philosophy of management.

- (a) Delegation
- (b) Decentralisation
- (c) Centralisation
- (d) All of the above

19. _____ cannot be delegated

- (a) Authority
- (b) Responsibility
- (c) Questionability
- (d) Accountability

20. _____ implies diffusion of authority throughout the organization.

- (a) Delegation
- (b) Centralisation
- (c) Decentralisation
- (d) None of the above

II. Match the following

[5 × 1 = 5]

	Column 'A'		Column 'B'
1.	Internal source	A	Team work
2.	Time consuming	B	Transfer
3.	Strategies	C	Limitation of planning
4.	Esprite de corps	D	Increase in skills
5.	Training	E	Standing Plans

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

[5 × 1 = 5]

1. Decoding is said to be the carrier of message.
2. The first step in the process of organizing is identifying the work.
3. Rule of thumb is to be replaced by rule of science to improve the standards of performance.
4. The distinction between maintenance factors and motivating factors are fixed.
5. Planning premises refer to the environment in which plans are to be implemented.

IV. Answer any four of the following questions.

[4 × 5 = 20]

1. As a Cost and Management Accountant what guidelines would you follow for effective decision making? 5
2. State the assumptions of Theory Y by Prof. Douglas McGregor. 5

MTP_Foundation_Syllabus 2016_Jun 2017_Set 2

3. Write a note on leadership continuum. 5
4. State the conditions to be fulfilled for effective decentralization. 5
5. What do you understand by Feedback control? 5
6. Discuss the importance of staffing. 5