

FOUNDATION COURSE EXAMINATION

December 2018

P-1(FEM)
Syllabus 2016

Fundamentals of Economics and Management

Time Allowed: 3 Hours

Full Marks: 100

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

SECTION A

(FUNDAMENTALS OF ECONOMICS)

PART A

1. (a) Choose the correct answer from the given *four* alternatives. 1×20=20
- (i) _____ defined economics as a science which deals with wealth.
(A) J. B. Say (B) A. C. Pigou
(C) Alfred Marshall (D) Lionel Robbins
- (ii) _____ goods are known as scarce goods.
(A) Economic (B) Durable
(C) Free (D) Consumer
- (iii) _____ 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) All of the above
- (iv) When two or more different goods are produced together by a single firm, it is called as _____ supply.
(A) joint (B) composite
(C) excess (D) short
- (v) Factors of production may be of _____ types.
(A) 4 (B) 3
(C) 2 (D) 5
- (vi) The Law of Variable Proportions relates to _____ only.
(A) long-run (B) short-run
(C) very long-run (D) very short-run

Please Turn Over

- (vii) The Total _____ Curve will be a horizontal line.
(A) Variable Cost (B) Fixed Cost
(C) Marginal Cost (D) Cost
- (viii) The supply curve always slopes _____.
(A) upwards (B) downwards
(C) both (A) and (B) (D) neither (A) nor (B)
- (ix) _____ means absence of competition.
(A) Perfect Competition (B) Monopoly
(C) Imperfect Competition (D) Discrimination
- (x) _____ is the centre of all marketing policies.
(A) Price (B) Product
(C) Profit (D) Publicity
- (xi) In the long-run, a firm in perfect competition earns _____.
(A) normal profit only
(B) abnormal profit
(C) average profit of past 5 years
(D) 12.33 per cent. profit on capital employed
- (xii) Oligopoly means _____.
(A) single seller (B) few sellers
(C) large numbers of sellers (D) no buyers
- (xiii) Penetration Pricing is adopted by following a _____.
(A) low price (B) high price
(C) dual price (D) support price
- (xiv) When the price of a complementary product falls, the demand for the other product will _____.
(A) fall (B) increase
(C) remain stable (D) drop by 25 per cent.

- (xv) The primary functions of money are of _____ types.
 (A) 2 (B) 3
 (C) 4 (D) 5
- (xvi) The money supply affects the rate of interest; when the money supply increases, rate of interest will be decreased. It is explained by _____ .
 (A) Keynes (B) Walker
 (C) Robbins (D) Crowther
- (xvii) SDRs are used in place of _____ .
 (A) commercial papers (B) gold
 (C) shares (D) company deposits
- (xviii) _____ is one among the qualitative credit control instruments used by the RBI.
 (A) Bank Rate Policy (B) Moral Suasion
 (C) Open Market Operations (D) Cash Reserve Ratio
- (xix) Money market is controlled by the _____ .
 (A) RBI (B) Government
 (C) IDBI (D) IMF
- (xx) On the basis of functions, financial markets are classified into _____ types.
 (A) 5 (B) 4
 (C) 3 (D) 2

(b) Match the following:

1×5=5

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|-------------------------------------|---------------------|
| (i) Exceptions to the Law of Demand | (A) K. E. Boulding |
| (ii) Oligopoly Market | (B) Robert Giffen |
| (iii) Quantity Theory of Money | (C) A. A. Cournot |
| (iv) Elasticity of Demand | (D) Irving Fisher |
| (v) Micro-economics | (E) Alfred Marshall |

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

1×5=5

- (i) According to Adam Smith, man is an economic man.
- (ii) On the basis of time element, markets are classified into two types.
- (iii) When the output is zero, variable cost is also zero.
- (iv) Saving deposit is a demand deposit.
- (v) In India, the Central Bank was nationalised by the Government in 1949.

PART B

Answer *any four* of the following questions:

5×4=20

- 2. Enumerate any five features of want.
- 3. State the determinants of supply.
- 4. Enumerate the features of fixed costs.
- 5. State the features of Monopolistic Competition.
- 6. Enumerate the functions of money.
- 7. State the differences between Commercial Bank and the Central Bank.

SECTION B

(FUNDAMENTALS OF MANAGEMENT)

PART A

8. (a) Choose the correct answer from the given *four* alternatives.

1×20=20

(i) _____ is called as the father of Scientific Management.

(A) Henri Fayol

(B) F. W. Taylor

(C) Max Weber

(D) Elton Mayo

(ii) Administrative function is the _____ managerial function.

(A) top-level

(B) middle-level

(C) lower-level

(D) supervisory-level

- (iii) _____ form the basis for the functioning of an organisation.
- (A) Profits (B) Objectives
(C) Policies (D) Strategies
- (iv) _____ is a means to an end.
- (A) Organising (B) Planning
(C) Controlling (D) Coordinating
- (v) _____ is the foundation of most successful actions of all enterprises.
- (A) Controlling (B) Planning
(C) Organising (D) Directing
- (vi) _____ process is called a negative process.
- (A) Training (B) Placement
(C) Selection (D) Induction
- (vii) Control by Exception is also known as _____ .
- (A) Management by Exception (B) Management by Objectives
(C) Decision-making (D) Management Information System
- (viii) _____ is concerned with the total manner in which a manager influences the actions of subordinates.
- (A) Planning (B) Organising
(C) Directing (D) Staffing
- (ix) _____ is the essence of management.
- (A) Directing (B) Coordinating
(C) Controlling (D) Planning
- (x) _____ refers to the process of passing information from one person to another and its understanding.
- (A) Planning (B) Communicating
(C) Controlling (D) Motivating
- (xi) _____ defines management as the process of getting things done by and through others.
- (A) Hicks (B) Massie
(C) Fayol (D) Drucker

- (xii) _____ has defined authority as the power to take decisions which guide the actions of others.
- (A) Simon (B) Barnard
(C) Terry (D) Taylor
- (xiii) _____ flows from the top-level management to the bottom-level management.
- (A) Authority (B) Performance
(C) Responsibility (D) Accountability
- (xiv) _____ power is the ability to punish others for not carrying out orders.
- (A) Reward (B) Legitimate
(C) Expert (D) Coercive
- (xv) The process of assigning work to others and giving them authority to do that is _____.
- (A) controlling (B) organising
(C) delegating authority (D) directing
- (xvi) Under _____ leadership system, goals are set and work-related decisions are taken by the subordinates.
- (A) exploitative (B) benevolent
(C) authoritarian (D) democratic
- (xvii) _____ propounded the need-based theory of motivation.
- (A) Vroom (B) Porter
(C) Maslow (D) McGregor
- (xviii) Autocratic leadership is also known as _____ leadership.
- (A) authoritarian (B) democratic
(C) free rein (D) participative
- (xix) _____ is not a quantitative technique of decision-making.
- (A) Linear Programming (B) Game Theory
(C) Management by Objectives (D) Simulation
- (xx) Decision-making is expected to be based on _____.
- (A) competitors' policies (B) rational thinking
(C) government policies (D) workers' activities

(b) Match the following:

1×5=5

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|-------------------------------------|------------------------|
| (i) Unity of Command | (A) Mahatma Gandhi |
| (ii) German Sociologist | (B) Henri Fayol |
| (iii) Example for Referent Power | (C) Rensis Likert |
| (iv) System 4 | (D) Frederick Herzberg |
| (v) Two-factor Theory of Motivation | (E) Max Weber |

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

1×5=5

- (i) Authority can be delegated but responsibility cannot be delegated.
- (ii) Recruitment is a negative process.
- (iii) Selective perception is not a barrier to communication.
- (iv) Herzberg has modified Maslow's Hierarchy of Needs Theory.
- (v) Decision-making is not a selective process.

PART B

Answer *any four* of the following questions:

5×4=20

- 9. Briefly explain the process of management.
 - 10. Discuss the steps involved in the staffing process.
 - 11. Briefly explain the different bases of sources of power.
 - 12. Enumerate the qualities of a successful leader.
 - 13. Briefly discuss the decision-making process.
 - 14. Explain the principles of coordination.
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