

FOUNDATION COURSE EXAMINATION

December 2019

**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.

Wherever necessary, suitable assumptions may be made and clearly stated in the answer.

This paper is divided into Two Sections A & B, each carrying 50 marks. Further each Section has been divided into two parts each.

SECTION A

(FUNDAMENTALS OF ECONOMICS)

(50 Marks)

PART-A

Answer the following questions:

1. (a) **Choose the correct answer from amongst the four alternatives given** (You may write only the Roman Numeral and Alphabet chosen for your answer.) 1×20=20
- (i) The subject matter of economics is distributed into _____ parts.
- (A) two
 - (B) three
 - (C) four
 - (D) five
- (ii) The concept of 'Consumer Surplus' was introduced in Economics by
- (A) Prof. Robbins.
 - (B) Prof. Samuelson.
 - (C) Prof. Smith.
 - (D) Prof. Marshall.
- (iii) If the price elasticity of demand is $|0.5|$, then the commodity is
- (A) luxury.
 - (B) necessary.
 - (C) inferior.
 - (D) giffen.

- (iv) In the case of rare coins, supply curve will be
- (A) horizontal.
 - (B) vertical.
 - (C) backward bending.
 - (D) positively sloped.
- (v) When the price elasticity of demand is equal to one, the demand curve is
- (A) rectangular hyperbola.
 - (B) parallel to the horizontal axis.
 - (C) parallel to the vertical axis.
 - (D) negatively sloped straight line.
- (vi) Which one of the following is not a factor of production?
- (A) Land
 - (B) Labour
 - (C) Capital
 - (D) Bank Loan
- (vii) The 'Law of Variable Proportions' was first developed by
- (A) Prof. Mill.
 - (B) Prof. Marshall.
 - (C) Prof. Ricardo.
 - (D) Prof. Smith.
- (viii) Which one of the following cost can never become zero?
- (A) Average Cost
 - (B) Fixed Cost
 - (C) Marginal Cost
 - (D) Variable Cost

- (ix) All the factors of production become variable in the
- (A) short-run.
 - (B) long-run.
 - (C) very short-run.
 - (D) very long-run.
- (x) Marginal Cost is defined as
- (A) the change in total cost due to one unit change in output.
 - (B) the change in total cost due to one unit change in input.
 - (C) the ratio of total cost to total output.
 - (D) the ratio of total cost to total input.
- (xi) If a firm produces 200 units of commodity X by employing 10 workers and 240 units of the same commodity by employing 12 workers, then the Average Product of the worker is
- (A) 20.
 - (B) 40.
 - (C) 200.
 - (D) 240.
- (xii) Which one of the following is a feature of a perfect competition?
- (A) Selling Cost
 - (B) Group Behaviour
 - (C) Homogeneous Product
 - (D) Differentiated Product
- (xiii) In the case of a perfectly competitive firm, the demand curve for product is
- (A) elastic.
 - (B) unit elastic.
 - (C) perfectly elastic.
 - (D) perfectly inelastic.

- (xiv) Which one of the following does not characterize monopolistic competition?
- (A) Product Differentiation
 - (B) Many Producers
 - (C) Absence of Advertising
 - (D) Partial Control over Price
- (xv) Cartel is one form of
- (A) monopoly.
 - (B) duopoly.
 - (C) collusive oligopoly.
 - (D) non-collusive oligopoly.
- (xvi) Dynamic Pricing is mostly followed by
- (A) Automobile Manufacturing Companies.
 - (B) Cooking Gas Supplying Companies.
 - (C) On-line Companies.
 - (D) Brand Name Food Companies.
- (xvii) $PT = MV$ is the equation suggested by
- (A) J.M. Keynes.
 - (B) A.W. Phillips.
 - (C) Irving Fisher.
 - (D) A.C. Pigou.
- (xviii) All the following functions are associated with commercial bank except that
- (A) Commercial Bank cannot issue Paper Notes.
 - (B) Commercial Bank acts as a Banker to the Government.
 - (C) Commercial Banks are mostly privately-owned and privately-managed.
 - (D) to accept Deposit from the Public is the most important function of a Commercial Bank.

(xix) Gresham's Law is true where

- (A) only Barter System operates.
- (B) only Paper Currency operates.
- (C) only Metal Currency operates.
- (D) Both Paper and Metal Currencies operate.

(xx) Quantity Theory of Money states that

- (A) Price Level is directly proportional to Money Supply.
- (B) Price Level is inversely proportional to Money Supply.
- (C) Price Level is not related to Money Supply.
- (D) Price Level is inversely related to Money Demand.

(b) **Match the statement under column-I with the most appropriate statement under column-II.** (You may opt to write only the Numeral and the matched Alphabet instead of copying contents into the answer book.)

	Column-I		Column-II
1.	Treasury Bill	(A)	Central Bank
2.	Term Deposit	(B)	Commercial Bank
3.	Issuing Notes	(C)	Money Market
4.	Acceptance of Deposits	(D)	Cumulative Deposits
5.	Recurring Deposits	(E)	Fixed Deposits

(c) **State whether the following statements are True or False:** (You may write only the Roman Numeral and whether *True* or *False* without copying the statements into the answer book.)

1×5=5

- (i) 'Scarcity' definition of Economics is given by P.A. Samuelson.
- (ii) The Law of Return to Scale is relevant in the long-run.
- (iii) There exists no clear distinction between Firm and Industry in Monopoly.
- (iv) Target Pricing is used by the Gas Companies.
- (v) Security Market is controlled by the RBI.

Please Turn Over

PART-B

Answer *any four* questions from Question Nos. 2 to 7. Each question carries 5 marks.

2. Briefly discuss the various determinants of Demand. 5
3. Define Variable Costs. Distinguish between Fixed Costs and Variable Costs. 1+4=5
4. Define Capital. Explain the different functions of Capital (any four). 1+4=5
5. Enumerate the conditions of Price Discrimination under Monopoly. 5
6. Distinguish between Central Bank and Commercial Bank (any five points). 5
7. Suggest suitable measures to improve the Indian Money Market. 5

SECTION B

(FUNDAMENTALS OF MANAGEMENT)

(50 Marks)

PART-A

Answer the following questions:

8. (a) **Choose the correct answer from amongst the *four* alternatives given.** (You may write only the Roman Numeral and Alphabet chosen for your answer.) 1×20=20
 - (i) The concept of 'Management by Objectives' was introduced by
 - (A) Frederick Herzberg.
 - (B) F.W. Taylor.
 - (C) Elton Mayo.
 - (D) Peter F. Drucker.
 - (ii) Scalar Chain denotes
 - (A) a Production Process.
 - (B) an Appraisal Process.
 - (C) Span of the Management.
 - (D) authority from the highest to the lowest ranks.

- (iii) Which one of the following examples is not included in the intangible premises of planning?
- (A) Public Relations
 - (B) Employee Morale
 - (C) Labour Hours
 - (D) Competitive Strength
- (iv) Which one of the following elements is odd with Weber's Six Major Principles?
- (A) Hierarchical Structure
 - (B) Unity of Command
 - (C) "In-focused" Mission
 - (D) Technical Qualifications
- (v) Decisions which are repetitive and can be established well in advance to solve the day-to-day problems in an organization are known as
- (A) Programmed Decisions.
 - (B) Non-programmed Decisions.
 - (C) Personal Decisions.
 - (D) Heuristic Techniques.
- (vi) In the case of selecting candidates in an organization, the first step is
- (A) Preliminary Interview.
 - (B) Background Investigation.
 - (C) Blank Application.
 - (D) Medical Examination.
- (vii) Reporting relationship is a step of
- (A) Planning.
 - (B) Organizing.
 - (C) Leading.
 - (D) Controlling.

- (viii) All the following principles are included in 'Directing' except
- (A) Harmony of Objectives.
 - (B) Unity of Command.
 - (C) Coordination.
 - (D) Follow up.
- (ix) Controlling involves
- (A) Determining the Objectives.
 - (B) Setting Standards of Performance.
 - (C) Identifying Activities for the Creation of Departments.
 - (D) Directing the People towards Accomplishment of Common Goals.
- (x) 'No news is good news' relates to
- (A) Historical Feedback Control.
 - (B) Predictive Feed Forward Control.
 - (C) Critical Point Control.
 - (D) Control by Exception.
- (xi) Authority is
- (A) Right to do Something.
 - (B) Ability to do Something.
 - (C) Derived from Many Sources.
 - (D) Not visible from Organizational Chart.
- (xii) Vroom's Theory of Motivation is known as
- (A) Need Hierarchy Theory.
 - (B) Equity Theory.
 - (C) Expectancy Theory.
 - (D) Theory X and Theory Y.

- (xiii) Which one of the following needs is missing in the 'Hierarchy of Needs' Theory?
- (A) Psychological Needs
 - (B) Physiological Needs
 - (C) Safety Needs
 - (D) Wealth Needs
- (xiv) Which one of the following elements is associated with Herzberg's Model?
- (A) Self-actualization
 - (B) Safety
 - (C) Esteem
 - (D) Hygiene
- (xv) Which one of the following methods is included in the 'off-the-job-training'?
- (A) Coaching
 - (B) Case Studies
 - (C) Apprenticeship Training
 - (D) Vestibule Training
- (xvi) Under the Likert's Four Management Systems, which one of the following adopts a paternalistic approach towards the subordinates?
- (A) System 1 — Exploitative Autocratic
 - (B) System 2 — Benevolent Autocratic
 - (C) System 3 — Consultative
 - (D) System 4 — Democratic
- (xvii) Which one of the following is not the merit of Oral Communication?
- (A) Authenticity
 - (B) Effective
 - (C) Easy Communication
 - (D) Instant Feedback

(xviii) 'Simulation' is useful

- (A) to observe the Behaviour of a System.
- (B) to find Solution to the Waiting-line Problem.
- (C) to optimize the Objective Function.
- (D) to make Decision under Competition.

(xix) Flow of Communication among the same level of people is known as

- (A) Upward Communication.
- (B) Downward Communication.
- (C) Horizontal Communication.
- (D) Formal Communication.

(xx) Which one of the following is not an objective of MIS?

- (A) To facilitate the Decision-making Process
- (B) To provide requisite Information at each level of management
- (C) To support the Decision-making Process
- (D) To recruit People for the System

(b) **Match the statement under Column-I with the most appropriate statement under Column-II.** (You may opt to write only the Numeral and the matched Alphabet instead of copying contents into the answer book.) 1×5=5

	Column-I		Column-II
1.	Leadership Continuum	(A)	Max Weber
2.	Father of Scientific Management	(B)	Blake and Mouton
3.	Esprit de Corps	(C)	Tannenbaum and Schmidt
4.	Bureaucratic Management	(D)	H. Fayol
5.	Managerial Grid	(E)	F.W.Taylor

- (c) **State whether the following statements are *True* or *False*:** (You may write only the Roman Numeral and whether *True* or *False* without copying the statements into the answer book.) 1×5=5

- (i) Free-rein leadership involves complete delegation of authority.
- (ii) Power can flow in any direction.
- (iii) Employee referrals are external sources of recruitment.
- (iv) 'Unity of Direction' states that one individual employee must receive orders from one individual superior only.
- (v) Creative Techniques are also known as Participative Techniques.

PART-B

Answer *any four* questions from Question Nos. 9 to 14. Each question carries 5 marks.

- 9. Briefly explain five major Limitations of Planning. 5
 - 10. Explain the importance (any five points) of Delegation of Authority in an Organization. 5
 - 11. Briefly explain the different steps involved in the Organizing Process. 5
 - 12. Distinguish between 'Leadership' and 'Management'. 5
 - 13. Enumerate the basic characteristics of 'Motivation'. 5
 - 14. Explain the importance of 'Coordination' in an Organization. 5
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