

REVISED SYLLABUS 2012

# TEST PAPERS

## Fundamentals of Economics and Management (FEM)

QUESTION PAPERS FOR POSTAL STUDENTS ONLY

(FOR APRIL/JUNE/SEPTEMBER/DECEMBER 2015)



**THE INSTITUTE OF COST ACCOUNTANTS OF INDIA  
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# Postal Test Papers\_P1\_Foundation Course\_Syllabus 2012

## Fundamentals of Economics and Management (FEM)

### Test Paper 1

Answer all questions. Each question carries 2 marks.

Choose the correct answer among the alternatives given. Suitable justification needs to be provided.

#### Section A: Fundamentals of Economics [50 marks]

**Q1. Micro economics theory deals with**

- (a) Economic behavior of individual economic decision making units
- (b) Economy as a whole
- (c) Trade relations
- (d) Economic growth of the society

**Q2. Normative economic theory deals with**

- (a) What is or how the economic problem facing the society are solved
- (b) How the problem should be solved
- (c) What to Produce
- (d) How to produce

**Q3. Market equilibrium of a commodity is determined by**

- (a) Balancing of demand and supply position
- (b) Aggregate demand
- (c) Aggregate supply
- (d) Government intervention

**Q4. Economic resources are**

- (a) Unlimited
- (b) Limited in supply and use
- (c) Limited in supply but have alternative uses
- (d) Unproductive

**Q5. Which of these is not land in economics**

- (a) Tehri Dam
- (b) Forest reserves of Assam
- (c) Fish reserves in the Bay of Bengal
- (d) Herbal plant of Uttaranchal

**Q6. Capital in economics means**

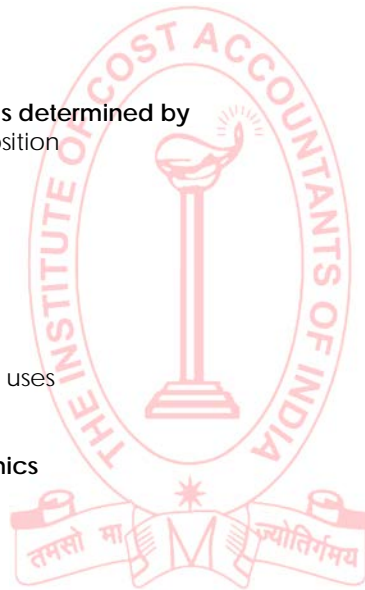
- (a) Factor of production
- (b) Fund brought in by the entrepreneur
- (c) Investment in shares, bank deposits
- (d) All the above.

**Q7. A perfectly elastic supply curve will be**

- (a) Parallel to Y axis or a vertical line
- (b) Parallel to X axis
- (c) U shaped
- (d) Downward sloping.

**Q8. When the Demand curve of a pure monopoly firm is elastic, MR will be**

- (a) Negative
- (b) Positive
- (c) Zero
- (d) Any of the above.



**Q9. Oligopoly market is known for .....**

- (a) Price flexibility
- (b) Price rigidity
- (c) Price discrimination
- (d) All the above.

**Q10. In a competitive market ..... is the price taker**

- (a) Firm
- (b) Industry
- (c) Consumer
- (d) Trade association.

**Q11. National income is the .....of all the goods and services produced by a country during a period of year**

- (a) Physical quantity
- (b) Money value
- (c) Value
- (d) All the above.

**Q12. Choose the correct statement**

- (a)  $GDP_{at\ fc} = GDP_{mp} - IT + S$
- (b)  $GDP_{at\ fc} = GDP_{mp} - IT - S$
- (c)  $GDP_{at\ fc} = GDP_{mp} + IT + S$
- (d)  $GDP_{at\ fc} = GDP_{mp} + IT - S$ .

**Q13. Which of these items are excluded in the computation of National Income under value added method?**

- (a) Own acquired fixed assets by the Government enterprises, Govt. and household
- (b) Production for self-consumption
- (c) Imputed rent for own occupied house
- (d) All the above.

**Q14. In agricultural sector net value added is estimated by**

- (a) Income method
- (b) Expenditure method
- (c) Production method
- (d) All the above.

**Q15. In a closed economy**

- (a)  $GDP = GNP$
- (b)  $GDP > GNP$
- (c)  $GDP < GNP$
- (d) All the above three are possible.

**Q16. Which is the apex bank for agricultural credit in India?**

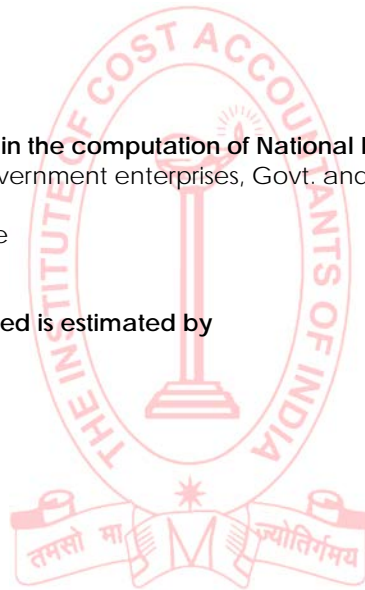
- (a) RBI
- (b) SIDBI
- (c) NABARD
- (d) IDBI.

**Q17. Which of the following is near money?**

- (a) Bill of exchange
- (b) Saving bonds
- (c) Gilt edged securities
- (d) All the three.

**Q18. If the country is passing through recession, the RBI would**

- (a) Buy bonds
- (b) Reduce CRR
- (c) Ease out bank rate
- (d) All or any of the above three.



**Q19. Which of these affects the demand for money?**

- (a) Real income
- (b) Price level
- (c) Rate of interest
- (d) All the above.

**Q20. If someone keeps some money for bad days, this demand for money is known by ..... motive of money**

- (a) Speculative
- (b) Transaction
- (c) Precautionary
- (d) Store

**Q21. Which of the following is not a characteristic of Indian Economy?**

- (a) Low per capita income
- (b) Equal distribution of wealth
- (c) Population pressure
- (d) Low level of technology.

**Q22. Barren land covers -----% of total reporting area.**

- (a) 22
- (b) 35
- (c) 14
- (d) 41.

**Q23. EXIM Bank was established in**

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

**Q24. RBI was nationalized in**

- (a) June 1947
- (b) Jan. 1949
- (c) March 1954
- (d) April 1936.

**Q25. Which of these is not the function of IMF?**

- (a) It provides mechanism for orderly adjustment of exchange rate
- (b) It provides mechanism for international consultation
- (c) It provides forum for settlement of international trade disputes
- (d) It is a reservoir of the currencies of all the member countries.



**Section B: Fundamentals of Management [50 marks]**

**Q26. Who is a person who advanced early scientific management principles?**

- (a) Weber
- (b) Taylor
- (c) Vest
- (d) Fayol

**Q27. \_\_\_\_\_ is the study of how to create an organizational structure that leads to high efficiency and effectiveness.**

- (a) Scientific management
- (b) Job specialization
- (c) Administrative management
- (d) Allocation management

**Q28. The management process functions consist of**

- (a) Planning, organising, staffing and directing
- (b) Planning, organising, leading and directing
- (c) Planning, organising, leading and staffing
- (d) Planning, organizing, leading and controlling.

**Q29. Planning is based on:**

- (a) Decision-making,
- (b) Forecasting,
- (c) Staffing,
- (d) Organizing.

**Q30. Forecasts**

- (a) Become more accurate with longer time horizons
- (b) Are rarely perfect
- (c) Are more accurate for individual items than for groups of items
- (d) All of the above.

**Q31. Line organization is also known as \_\_\_\_\_ organization.**

- (a) Scalar
- (b) Chain
- (c) Matrix
- (d) Project.

**Q32. Staffing needs:**

- (a) Man power planning,
- (b) Authority,
- (c) Communication,
- (d) Coordination.

**Q33. The characteristics of direction include:**

- (a) Guiding,
- (b) Motivating,
- (c) Planning,
- (d) Performance appraisal.

**Q35. Which of the following is an example of a nonverbal message?**

- (a) Eye contact
- (b) Yelling
- (c) Mumbling
- (d) Jargon.

**Q36. Effective control requires:**

- (a) Flexibility
- (b) Rigidity
- (c) High cost
- (d) High time.

**Q37. Leadership has a lot of characteristics and a leader must not maintain this trait in his behaviour:**

- (a) Coexistence,
- (b) Taking responsibility,
- (c) Avoiding responsibility,
- (d) All of the above.

**Q38. Which step in Maslow's Hierarchy of Needs Theory deals with achieving one's potential?**

- (a) Esteem
- (b) Physiological
- (c) Self-actualization
- (d) Social.



**Q39. Role \_\_\_\_\_ is a conflict between the role an individual has outside the group and the role he or she is expected to have in the group.**

- (a) Collision
- (b) Transition
- (c) Confusion
- (d) Incompatibility.

**Q40. Which one of the following characteristics is not necessarily true about groups?**

- (a) Group members are interdependent
- (b) Groups have two or more members
- (c) Groups have assigned goals
- (d) Groups interact.

**Q41. When do informal groups appear?**

- (a) in response to the need for social contact
- (b) in reaction to formal groups
- (c) as a result of social needs
- (d) most frequently in bureaucracies

**Q42. A suitable basis of departmentation is decided considering**

- (a) Specialization of work
- (b) Customers
- (c) Control
- (d) Top management.

**Q43. Minority influence can**

- (a) Never sway the majority of the group members to the other point of view.
- (b) Steer other group members who hold the majority view over to the minority point of view.
- (c) Decrease creativity.
- (d) Increase superficiality.

**Q44. Leadership is the process whose important ingredient is the \_\_\_\_\_ exercised by the leaders on the group members.**

- (a) Friendship
- (b) Loyalty
- (c) Trust
- (d) Influence.

**Q45. Employee walk-ins is a type of**

- (a) Internal source of recruitment
- (b) External source of recruitment
- (c) Both of the above
- (d) None of the above.

**Q46. PODSCORB stands for**

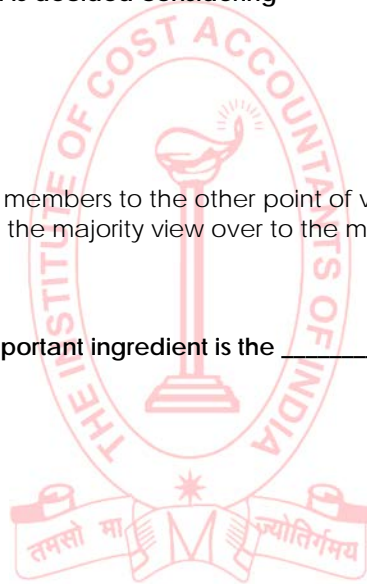
- (a) Planning, organising, staffing, directing, controlling, reporting, budgeting
- (b) Planning, organising, staffing, directing, controlling, rectifying, budgeting
- (c) Planning, ordering, staffing, directing, controlling, reporting, budgeting
- (d) Planning, organising, staffing, directing, controlling, recruiting, budgeting.

**Q47. Who among the following proposed the concept of functional authority?**

- (a) Chris Argyris
- (b) Max Weber
- (c) F. W Taylor
- (d) Elton Mayo.

**Q48. The situational theory is also known as .....**

- (a) Trait theory
- (b) Transactional theory



- (c)Contingency theory
- (d)Behavioural theory.

**Q49. Who among the following is regarded as the Father of motion study?**

- (a)Lillian Gilbreth
- (b)Charles Babbage
- (c)Henry Grant
- (d)Frank Gilbreth.

**Q50. Managers refer to strategic plans as.....**

- (a)Goal setting.
- (b)Organisational planning.
- (c)Functional planning.
- (d)Action plans.



# Postal Test Papers\_P1\_Foundation Course\_Syllabus 2012

## Fundamentals of Economics and Management (FEM)

### Test Paper 2

Answer all questions. Each question carries 2 marks.

Choose the correct answer among the alternatives given. Suitable justification needs to be provided.

#### Section A: Fundamentals of Economics [50 marks]

**Q1. Which of the following is a central problem of every economy**

- (a) Abundance of resources
- (b) Scarcity of economic resources
- (c) Poverty
- (d) Moral and ethical values.

**Q2. Equilibrium relates to which of these**

- (a) Market condition which oscillate
- (b) Market state of falling price
- (c) Market condition of rising price
- (d) Market conditions which once achieved tends to persist.

**Q3. Ceteris Paribus means**

- (a) Holding demand constant
- (b) Holding supply constant
- (c) Price being constant
- (d) Other things being constant.

**Q4. Which of the following is/ are not an economic resource**

- (a) Land
- (b) Capital
- (c) Labour
- (d) Air.

**Q5. -----is known as father of economics**

- (a) Adam Smith
- (b) Professor A Samulson
- (c) Alfred Marshall
- (d) J R Hicks.

**Q6. Human wants are**

- (a) Unsatisfiable
- (b) Unlimited
- (c) Undefined
- (d) Limited.

**Q7. Which of the following is not a type of elasticity in economics.....**

- (a) Income elasticity
- (b) Price elasticity
- (c) Utility elasticity
- (d) Cross elasticity.

**Q8. Price elasticity of demand of a product will be more inelastic if**

- (a) It forms a major part of consumer house hold budget
- (b) It forms a very small part of consumers household budget
- (c) It is inferior
- (d) It is for mass consumption.





**Q9. In short run a monopolistic competition firm will be in equilibrium where**

- (a)MR = curve intersect SMC curve from above
- (b)MR curve intersect SMC curve from below
- (c)MC = AR
- (d)MR curve intersect SMC from below and P is equal to or more than AVC.

**Q10. In the short run an oligopolistic firm will**

- (a)Make profits
- (b)Incur losses
- (c)Just break even
- (d)Any of above three are possible.

**Q11. A competitive firm maximizes its total profit when .....**

- (a)Average cost equal average realization
- (b)Marginal cost equals Price
- (c)Total revenue is the maximum
- (d)MR = AR

**Q12. GDP is the money value of final goods and serviced produced in the..... Of a country during an accounting year**

- (a)Domestic territory
- (b)Political territory
- (c)Specific area
- (d)FTZ area

**Q13. Which of the following equation is correct**

- (a)NDP=GDP ( - )Depreciation
- (b)NDP=GDP+ Depreciation
- (c)NDP=GDP- Depreciation (-) subsidy
- (d)NDP=GDP- Depreciation+ subsidy

**Q14. Which of these are not included in territory sector?**

- (a)Banking
- (b)Insurance
- (c)Agriculture
- (d)Transport

**Q15. GDP can be defined as sum of the market value of the.....**

- (a) Final manufactured goods and services
- (b) Intermediate goods
- (c) Goods and services exported
- (d) Sub-standard goods and discarded services.

**Q16. Real GDP is measured in.....prices**

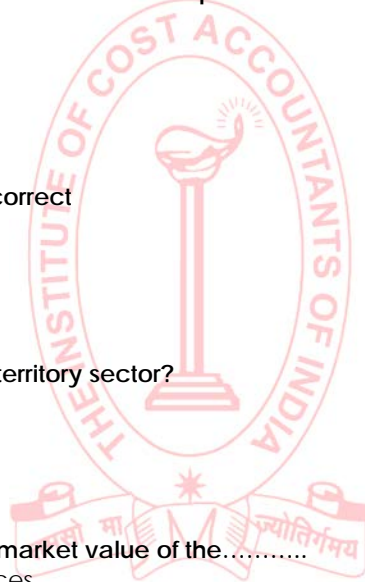
- (a) Base year
- (b) Current year
- (c) 1980
- (d) 2000.

**Q17. True value added**

- (a) value added-depreciation
- (b) Value added – depreciation – tax
- (c) Value added – interest – tax
- (d) Value added – depreciation-interest .

**Q18. Which of the following is the oldest system of money?**

- (a)Barter
- (b)Plastic money



- (c) Credit money
- (d) Gold.

**Q19. Which of these is not a function of money?**

- (a) Means of exchange
- (b) Store value
- (c) Power indicator
- (d) Measurement of value.

**Q20. If RBI wants to decrease the money supply in order to check inflation it will**

- (a) Sell bonds
- (b) Increase CRR
- (c) Hike bank rate
- (d) All or any of the above three.

**Q 21. How does a commercial bank create money**

- (a) By printing money
- (b) By lending a part of its deposits
- (c) By issuing ATM cards
- (d) Accepting deposits.

**Q22. Which of these affects the demand for money?**

- (a) Real income
- (b) Price level
- (c) Rate of interest
- (d) All the above.

**Q23. Agricultural land accounts for -----% of total land area.**

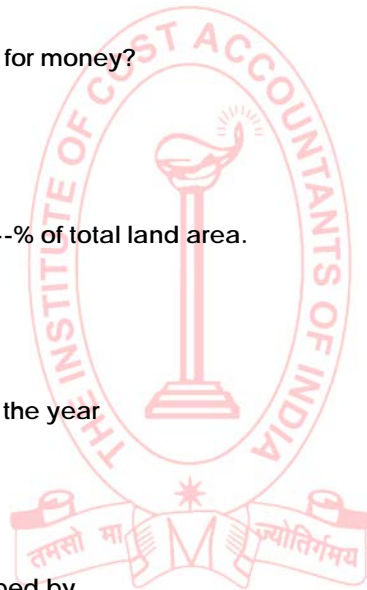
- (a) 22
- (b) 40
- (c) 46
- (d) 54.

**Q24. Jute Industry in India was started in the year**

- (a) 1985
- (b) 1885
- (c) 1975
- (d) 1775.

**Q25. A competitive equilibrium is described by**

- (a) A price only.
- (b) A quantity only.
- (c) The excess supply minus the excess demand.
- (d) A price and a quantity.



**Section B: Fundamentals of Management [50 marks]**

**Q 26. Scientific management, administrative management, and bureaucratic management belong to the management viewpoint known as the**

- (a) Classical perspective
- (b) Behavioral perspective
- (c) Quantitative perspective
- (d) Systems perspective .

**Q27. Which of these was not an integral part of scientific management?**

- (a) Differential pay rates.
- (b) Worker control of production.
- (c) Systematic selection of workers.

(d) Work specialization.

**Q 28. According to Frederick Taylor, who was to blame for the inefficiency in organisations?**

- (a) The unions.
- (b) The managers.
- (c) The organisation as a whole.
- (d) The workers.

**Q 29. 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.

**Q 30. Which of the following is the 'odd one out'?**

- (a) Management science.
- (b) Management accounting.
- (c) Operations management.
- (d) Systems management.

**Q 31. Planning do not consider:**

- (a) Choice,
- (b) Communication,
- (c) Machine,
- (d) Coordination.

**Q32. Which of the following forecasting method is suitable for launching new products?**

- (a) Moving average methods
- (b) Exponential smoothing
- (c) Causal models
- (d) Judgmental methods.

**Q33. Organizing refers to:**

- (a) Planning,
- (b) Delegation of authority,
- (c) Training,
- (d) Selection.

**Q 34. Recruitment covers:**

- (a) Selection,
- (b) Job analysis,
- (c) Time,
- (d) None of the above.

**Q 35. The techniques of direction excludes:**

- (a) An alternative device of communication,
- (b) Supervisory techniques,
- (c) Coordination,
- (d) Standard practices and procedures.

**Q36. Communication is a:**

- (a) Two-way process,
- (b) One-way process,
- (c) Discrete process,
- (d) Circular process.

**Q 37. Control is a function aimed at:**

- (a) Economic development,
- (b) Staffing,



- (c) Organizational development,
- (d) Planning.

**Q38. The features of leadership do not include:**

- (a) Representation,
- (b) Initiation,
- (c) Planning,
- (d) Motivation.

**Q 39. The following phrase is used to describe a leader:**

- (a) Relies on control strategies
- (b) Challenges status quo
- (c) Uses traditional influence
- (d) Acts with established culture.

**Q 40. The "means" of leadership involve**

- (a) Getting results through others.
- (b) The ability to build cohesive, goal-oriented teams.
- (c) The process of influencing an organized group toward accomplishing its goals.
- (d) An interpersonal relation in which others comply because they want to, not because they have to.

**Q41. What sort of groups is defined by the organization's structure?**

- (a) Informal
- (b) Task
- (c) Friendship
- (d) Formal.

**Q42. When do informal groups appear?**

- (e) In response to the need for social contact
- (f) In reaction to formal groups
- (g) As a result of social needs
- (h) Most frequently in bureaucracies.

**Q43. Grapevine is another term used to describe**

- (a) Formal organization
- (b) Informal organization
- (c) Product organization
- (d) Project organization.

**Q44. Responding to employees and involving them in decision making is referred to as**

- (a) Quality of work life
- (b) Autonomy
- (c) Empowerment
- (d) Preaction.

**Q45. Which style of leadership focuses on team building, conflict resolution, and morale?**

- (a) surrogate leadership
- (b) social leadership
- (c) transparent leadership
- (d) task leadership.

**Q46. What is known as 'Plan B'?**

- (a) A contingency plan.
- (b) A convergence plan.
- (c) A circumstantial plan.
- (d) A crisis plan.



**Q47. Which Fayol's theory principle states that activities in an organization should be planned in a way that they all come under one plan and are supervised by only one person?**

- (a)Unity of command
- (b)Unity of direction
- (c)Discipline
- (d)Scalar chain.

**Q48. What is meant by Unity of Command?**

- (a)Each employee should receive orders from a number of superiors
- (b)Each employee should receive orders from one superior only
- (c)Each employee should receive orders from Board of Directors
- (d)Each employee should receive orders from subordinates.

**Q49. Mc Gregor's ..... takes a pessimistic static and rigid view of human nature.**

- (a)Theory W
- (b)Theory X
- (c)Theory Y
- (d)Theory Z.

**Q50. The open systems approach to planning is effective as it leads to..... in planning.**

- (a)Rigidity.
- (b)Flexibility.
- (c)Inelasticity.
- (d)Invariability.



# Postal Test Papers\_P1\_Foundation Course\_Syllabus 2012

## Fundamentals of Economics and Management (FEM)

### Test Paper 3

Answer all questions. Each question carries 2 marks.

Choose the correct answer among the alternatives given. Suitable justification needs to be provided.

#### Section A: Fundamentals of Economics [50 marks]

**Q1 .In economic theory the term “means” refers to**

- (a) Resources
- (b) Arithmetic mean
- (c) A characteristic
- (d) None.

**Q2. In a mixed economy which sector(s) is/ are found**

- (a)Private Only
- (b)Public sector only
- (c)None
- (d)Both a and b.

**Q3. Which of the following is/ are a non-economic resource**

- (a)Air
- (b)Water
- (c)Sunlight
- (d)All the above.

**Q4. Scarcity of resources leads to**

- (a)Dissatisfaction of human wants.
- (b)Evaluation of alternative uses of scarce resources.
- (c)Both of the above.
- (d)None of the above.

**Q5. In free economy the decision about investment, saving and consumption are decided by**

- (a) Price mechanism
- (b) Central bank
- (c) Planning Commission
- (d) Finance budget.

**Q6. The opportunity cost of consumption is**

- (a)Lack of capital formation for future
- (b)Greater investment
- (c)Full employment
- (d)Deflation.

**Q7. Macroeconomics is the study of**

- (a) Inflation
- (b) Unemployment
- (c) Growth
- (d) All of the above.

**Q 8. Net factor income from abroad is equal to**

- (a) NNP at market price (-)NDP at market price
- (b) NDP at market prices (-) Indirect taxes + Subsidies
- (c) NDP at factor cost + Depreciation
- (d) NNP at market prices + Depreciation .



**Q9. National income is**

- (a) NDP at market prices
- (b) NDP at factor cost
- (c) NNP at factor cost
- (d) GNP at market prices.

**Q10. By definition, the marginal propensity to consume**

- (a) Equals  $\Delta C/\Delta Y_d$
- (b) Is the behavioral coefficient  $c$  in the equation  $C = a + cY_d$
- (c) Is the slope of the consumption function
- (d) All the above.

**Q11. Price elasticity demand of product will be more elastic if it**

- (a) Has no substitutes
- (b) Has number of substitutes
- (c) Is an item of necessity
- (d) Is life saving Product.

**Q 12. Demand of salt is inelastic because**

- (a) Of low price
- (b) No substitute
- (c) Absence of it makes food tasteless
- (d) All of the above.

**Q13. Which of the following is/are an essential feature of the market**

- (a) Buyers
- (b) Sellers
- (c) Price
- (d) All the above.

**Q14. A monopoly based on sole state ownership of production and distribution network is known as**

- (a) Natural monopoly
- (b) Technological monopoly
- (c) Government monopoly
- (d) Geographical monopoly.

**Q15. The ideal level of operation for a pure monopoly firm is the level where**

- (a) TR and STC curve are parallel to each other
- (b)  $TR = TC$
- (c)  $TR = \text{Total variable cost}$
- (d)  $TR$  is less than  $STC$ .

**Q 16. SIDBI is a subsidiary bank of**

- (a) IDBI
- (b) SBI
- (c) HDFC
- (d) ICICI.

**Q 17. 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.

**Q18. Manipulation in CRR enables the RBI to .....**

- (a) Influence the lending ability of the commercial banks
- (b) Check unemployment growth
- (c) Check poverty



(d) Increase GDP.

**Q19. EXIM Bank is authorized to raise loan from**

- (a) RBI
- (b) Government of India
- (c) International market
- (d) Trading activities.

**Q 20. FERA has been replaced by**

- (a) FINA
- (b) FEMA
- (c) FENA
- (d) MRTP.

**Q 21. Nationalization of Banks took place in**

- (a) July 1969
- (b) February 1977
- (c) Jan. 1960
- (d) April 1989.

**Q 22. India is a recipient of loan from which of these agencies**

- (a) World Bank
- (b) IMF
- (c) IDA
- (d) All the above.

**Q 23. Deflation is a state when**

- (a) Prices are falling
- (b) Consistent increase in prices
- (c) Fall in GDP
- (d) Collapse of sensex.

**Q24. A characteristic found only in oligopolies is**

- (a) Interdependence of firms.
- (b) Products that are slightly different.
- (c) Break even level of profits.
- (d) Independence of firms.

**Q25. Which is not true of a perfectly competitive market?**

- (a) The typical industry demand curve is downward sloping
- (b) There is no incentive to innovate since economic profit is zero in the long-run
- (c) If the long-run average total cost curve is horizontal in the relevant range of production, perfectly competitive firms can be various sizes in long-run equilibrium.
- (d) At long-run equilibrium, economic profit is less than accounting profit.

**Section B : Fundamentals of Management [50 marks]**

**Q 26. Which of the following was the key aim of scientific management?**

- (a) To increase worker control of production.
- (b) To increase productivity.
- (c) To decrease absenteeism.
- (d) To develop time-and-motion studies.

**Q 27. Which of the following is not a valid criticism of scientific management theory?**

- (a) Increases in pay for workers were not proportional to increases in productivity.
- (b) Worker discretion over the execution of the task was reduced.
- (c) Jobs became too complex for workers to handle.
- (d) Fear of redundancy was increased.



**Q 28. Changes which take place gradually without any resistance are**

- (a) Evolutionary
- (b) Revolutionary
- (c) Planned
- (d) Unplanned.

**Q 29. Participating in the planning process makes:**

- (a) Effective planning,
- (b) Cost reduction,
- (c) Increase output.
- (d) Perception of opportunities.

**Q 30. Budget refers to**

- (a) Planned target of performance
- (b) Steps of handling future activities
- (c) Systematic action and allocation of resources
- (d) Statement of expected results expressed in numerical terms .

**Q 31. Defective delegation:**

- (a) Hampers coordination
- (b) Size of the organization,
- (c) Establish proper controls,
- (d) Establish sources of powers.

**Q 32. Staffing refers to:**

- (a) Measuring performance,
- (b) Managing the positions,
- (c) Management in action,
- (d) Making strategic plans.

**Q 33. Which of the following is not a type of remuneration system under Time Rate System?**

- (a) High wage plan
- (b) Measured day work
- (c) Taylor System
- (d) Differential time rate.

**Q 34. Direction is a:**

- (a) Discrete process,
- (b) Continuous process,
- (c) Circular process,
- (d) Supervisory process.

**Q 35. Which of the following statements about leadership is false?**

- (a) Leadership does not necessarily take place within a hierarchical structure of an organisation.
- (b) Not every leader is a manager.
- (c) When people operate as leaders their role is always clearly established and defined.
- (d) All the above.

**Q36. Maslow and Herzberg are two examples of \_\_\_\_\_ theories of motivation.**

- (a) Process
- (b) Content
- (c) Expectancy
- (d) Equity.

**Q 37. Controlling plays an important role in helping:**

- (a) Increase the costs,
- (b) Fixing standards,
- (c) Identify opportunities,
- (d) Time management.



**Q 38. Which of the following statements is true?**

- (a) All task groups are also command groups
- (b) All command groups are also task groups
- (c) All task groups are also friendship groups
- (d) All command groups are also informal groups.

**Q 39. The act of entrusting subordinates with the same power that are of the superior is termed**

- (a)Decentralization
- (b)Centralization
- (c)Delegation
- (d)Departmentation.

**Q40. Authority should be commensurate with responsibility is the best way to achieve**

- (a)Decentralization
- (b)Communication
- (c )Control
- (d) Effective delegation.

**Q41. In which of the following classification of conflicts DO people always try to maintain their image and respect?**

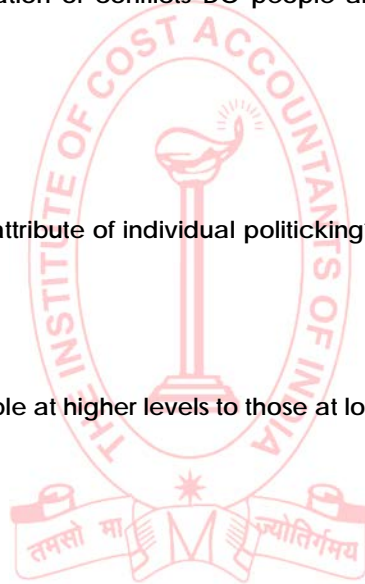
- (a)Intergroup conflict
- (b)Intragroup conflict
- (c)Interpersonal conflict
- (d)Intrapersonal conflict.

**Q 42. Which of the following is NOT the attribute of individual politicking?**

- (a)Pressure to perform
- (b)Personality traits
- (c)Background
- (d)Experience

**Q43. The communication flow from people at higher levels to those at lower levels in the organisational hierarchy is referred to as.....**

- (a)Upward communication
- (b)Crosswise communication
- (c)Downward communication
- (d)Horizontal communication.



**Q 44. Each statement below is true about conflict and conflict management in organizations except**

- (a) Conflict management includes both increasing and decreasing conflict
- (b) Conflict is necessary for organizational survival
- (c) Conflict management is not a basic management responsibility
- (d) Conflict includes interactions in which one party opposes another party.

**Q45. Which of the following is false about reducing conflict?**

- (a) Compromise uses negotiation to reduce conflict. It splits the differences between the parties in conflict
- (b) Problem solving usually does not find a conflict episode's root causes
- (c) Avoidance prevents a person from facing a conflict episode
- (d) A super ordinate goal is a goal desired by all parties to the conflict but not reachable by any party alone.

**Q 46. The concept of span of control was propounded by**

- (a)Gaicunas
- (b)Fayol
- (c )Taylor
- (d)Mc Gregor.

**Q47. Management by objectives is not a new concept of motivation, it was originally proposed more than 45 years ago by,**

- (a) Peter Drucker
- (b) Abraham Maslow
- (c ) David McClelland
- (d ) Frederic Herzberg

**Q 48. Human resource management helps improve**

- (a) Production
- (b) Productivity
- (c) Profits
- (d) Power .

**Q49. Using covert influence to overcome resistance to change is called:**

- (a) Participation.
- (b) Cooptation.
- (c ) Manipulation.
- (d ) Coercion.

**Q50. Which of the following is not an example of group influence on an individual?**

- (a ) Minority influence.
- (b) Deindividuation.
- (c ) Social facilitation.
- (d ) Social loafing.



# Postal Test Papers\_P1\_Foundation Course\_Syllabus 2012

## Fundamentals of Economics and Management (FEM)

### Test Paper 4

Answer all questions. Each question carries 2 marks.

Choose the correct answer among the alternatives given. Suitable justification needs to be provided.

#### Section A: Fundamentals of Economics [50 marks]

**Q1. Which of these would be classified as capital in economics**

- (a) Bhankra Dam
- (b) Indira canal
- (c) Golden triangle
- (d) All the three

**Q 2. General equilibrium analysis refers to**

- (a) Behaviour of individual economic decision making units and individual markets in isolation
- (b) Behaviour of all the individual decision making units and market viewed in totality
- (c) Both of the above.
- (d) None of the above.

**Q 3. Which of these resources would be called as land in economics**

- (a) Coal mines of Bihar
- (b) Water resources of Uttaranchal
- (c) Mineral deposits of Jharkhand
- (d) All the above.

**Q4. Economics cannot be considered a perfect science because**

- (a) Human behaviour is unpredictable
- (b) It is difficult to make correct prediction of economic variables
- (c) Economist do not have common opinion about a particular economic event
- (d) All the above.

**Q 5. The terms Micro economic and Macro economics were coined by**

- (a) Professor A Samulson
- (b) Giffen
- (c) Prof. Ragner Frisch
- (d) Eagle.

**Q 6. Which of the following does NOT describe a problem with scientific management?**

- (a) Productivity increases may not be reflected in workers' pay.
- (b) It is better suited to complex jobs.
- (c) Improvement is not necessarily maintainable.
- (d) It is better suited to simple jobs.

**Q7. Which of the following is not a central problem of a society**

- (a) What to produce
- (b) How to produce
- (c) For whom to produce
- (d) Where to produce

**Q8. Which of the following issue relates to micro-economics**

- (a) Impact of crude price hike on inflation
- (b) Impact of change in bank rate on bank saving and investment
- (c) Impact of Information technology on economic growth
- (d) Impact of shortage of wheat production on wheat prices

**Q 9. The law of indifference is/are also known by-**

- (a) Law of substitution
- (b) law of equi-marginal utility
- (c) Law of diminishing marginal utility
- (d) All the above.

**Q10. GDP at market price exceeds GDP at factor cost by the amount of revenue raised through .....**

- (a) Direct taxes
- (b) Indirect taxes
- (c) Income tax
- (d) Tax on rents

**Q11. GDP at market prices is the sum of Consumption, Investment, Government Spending and Net Exports. 'Net' exports is**

- (a) Gross exports minus depreciation
- (b) Exports minus imports
- (c) Gross exports earnings minus capital inflow
- (d) Export minus imports of merchandise.

**Q12. In a closed economy savings are equal to ..... at the equilibrium level of income.**

- (a) Investments
- (b) Wages
- (c) Income-Investments
- (d) Wages (-) Consumption.

**Q13. The difference between Gross National Product (GNP) and Gross Domestic Product (GDP) is**

- (a) Excess of subsidies over indirect taxes
- (b) Depreciation
- (c) Net foreign income from abroad
- (d) Excess of indirect taxes over subsidies.

**Q14. NDP does not include**

- (a) Payments made for income taxes
- (b) Depreciation allowances
- (c) Undistributed profits
- (d) The value added from intermediate goods.

**Q 15. The slope of the consumption curve connotes**

- (a) Average propensity to save
- (b) Marginal Propensity to consume
- (c) Marginal propensity to save
- (d) Level of consumption in the economy.

**Q 16. In which sector of Indian economy will we find a high rate of disguised unemployment?**

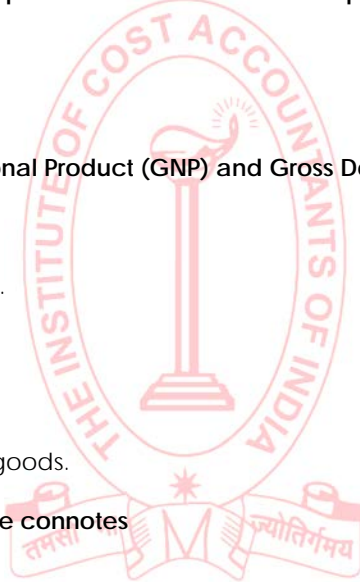
- (a) Service sector.
- (b) Agriculture sector.
- (c) Manufacture sector.
- (d) Mining sector.

**Q 17. In the Union Budget, profits from public sector undertakings are taken under**

- (a) Revenue receipts
- (b) Capital receipts
- (c) Monetized receipts
- (d) Planned expenditure.

**Q18. Which of these costs will increase or decrease with increase in production**

- (a) Marginal cost
- (b) Financial costs
- (c) Fixed costs



## Postal Test Papers\_P1\_Foundation Course\_Syllabus 2012

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(d) All the above.

**Q19. Which of the following is not a method of measurement of price elasticity of demand in economics**

- (a) Total Outlay
- (b) Total savings
- (c) Point method
- (d) Arc method.

**Q20. A decrease 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.

**Q21. The market state that satisfy all the essential features of a perfect competitive market except identity of product is known as**

- (a) Oligopoly
- (b) Duopoly
- (c) Monopoly
- (d) Monopolistic competition.

**Q22. In a pure monopoly firm a firm can make abnormal profit at the long run equilibrium level due to**

- (a) Price discrimination
- (b) Cost effectiveness
- (c) Banned entry of new firms
- (d) Sales promotion

**Q 23. Under perfect market conditions an Industry is said to be in equilibrium where**

- (a) Total output is equal to total demand
- (b) Profit is maximum
- (c) Where the total revenue is maximum
- (d) Where total average cost is the minimum.

**Q24. Which of the following function does money serve when used to purchase or sell different goods and services?**

- (a) Store of value
- (b) Medium of exchange
- (c) Standard of value
- (d) Display of power.

**Q25. 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

### Section B : Fundamentals of Management [50 marks]

**Q 26. What does the case, 'Scientific management in action' illustrate?**

- (a) Scientific management theory is an outdated management theory.
- (b) Managers should apply classical management theory to their everyday work if they want to be more effective.
- (c) A traditional approach to management can be successfully applied to the problems of a modern organisation.
- (d) Quality usually suffers as productivity increases.

**Q27. Scientific management gave rise to which of the following modern disciplines?**

- (a) Theory Y.
- (b) Behavioural science.
- (c) Socio-technical systems.
- (d) Operations research.

**Q28. In general, Theory Y and Theory X belong to which of the following perspectives?**

- (a) Socio-political.
- (b) Bureaucratic.
- (c) Cultural.
- (d) None of these.

**Q29. Planning is:**

- (a) Looking ahead,
- (b) Guiding people,
- (c) Delegation of authority,
- (d) Fundamentals of staffing.

**Q30. Which of the following method(s) is(are) suitable for forecasting the demand of a product?**

- (a) Delphi method
- (b) Market research
- (c) Delphi method and judgmental method
- (d) Market research and judgmental method.

**Q31. Organizing destroys:**

- (a) Individual relationships,
- (b) Plans,
- (c) Simplicity in the organization,
- (d) Environment.

**Q32. Unity of command means:**

- (a) Parity of authority and responsibility,
- (b) Flow of command from subordinate to superior,
- (c) Flow of command from superior to subordinate,
- (d) Parity in controlling.

**Q 33. Training is the process of:**

- (a) Motivation
- (b) Increasing knowledge and skill
- (c) Testing.
- (d) Employee recommendations.

**Q 34. Which of the following functions or activities requires recruiting and placing qualified personnel needed for the organization so that it may achieve its objectives and goals?**

- (a) Planning
- (b) Staffing
- (c) Organizing
- (d) Controlling.

**Q 35. The process of monitoring performance monitoring it with goals and correcting any significant deviations is known as**

- (a) Planning
- (b) Organising
- (c) Leading
- (d) Controlling.





**Q36. When determining the most appropriate form of leadership, which of the following should be considered?**

- (a) The manager.
- (b) The work environment.
- (c) The group.
- (d) All the above.

**Q37. According to Herzberg, which of the following may be regarded as hygiene/maintenance factors?**

- (a) Sense of achievement.
- (b) Recognition.
- (c) Personal growth and advancement.
- (d) None of the above.

**Q38. What three words define motivation?**

- (a) Intensity, direction, persistence
- (b) Fairness, equity, desire
- (c) Desire, persistence, fairness
- (d) Ambition, direction, intensity.

**Q39. Members within a group that share similar experiences and feelings are known to have:**

- (a) Process
- (b) Universality
- (c) Content
- (d) Conflict.

**Q40. An important factor of the preplanning stage in group dynamics is determining what the group is to accomplish; this is known as \_\_\_\_\_.**

- (a) Goal setting
- (b) Cohesion
- (c) Clarity of purpose
- (d) Group orientation

**Q 41. Which of the following statements is false about functional and dysfunctional conflict in organizations?**

- (a) Conflict is dysfunctional when it is lower than a group requires for reaching its goals
- (b) Conflict management does not involve maintaining conflict at functional levels
- (c) Conflict that is functional in one group can be dysfunctional in another group
- (d) Dysfunctional high conflict can reduce trust.

**Q 42. All but one of the following statements accurately describe aspects of levels and types of conflict in organizations. Which statement does not?**

- (a) Intraorganization conflict includes all types of conflict between organizations.
- (b) Interpersonal conflict is conflict between two or more people.
- (c) Intergroup conflict is conflict between two or more groups.
- (d) Intrapersonal conflict is conflict that occurs within a person.

**Q 43. An individual's view of reality is**

- (a) Selection
- (b) perception
- (c) Interpretation
- (d) organization.



**Q44. Influencing others to work willingly toward achieving the firm's objectives is:**

- (a) Organizing
- (b) Motivation
- (c) Leadership
- (d) Management.

**Q 45. .... is the first step in the decision making process :**

- (a) Identifying resource and constraints
- (b) Determining the problem.
- (c) Generating alternative solutions.
- (d) Selecting an alternative.

**Q 46. Managers using the..... model of decision making arrives at an optimal decision after obtaining and understanding all the information that is relevant to their decisions :**

- (a) Garbage can.
- (b) Satisfying.
- (c) Incremental.
- (d) Rational.

**Q 47. .... is the crux of entrepreneurship?**

- (a) Management.
- (b) Doing business.
- (c) Innovation.
- (d) Goals.

**Q 48. What do managers do in a liaison role?**

- (a) Communicate with outsiders on behalf of the organization.
- (b) Communicate with people outside and within the organization
- (c) Communicate organizations information to subordinates
- (d) Receive information about the organization.

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**Q 50. Individual differences in human beings are rooted in difference in their ..... make up.**

- (a) Penological
- (b) Pathological
- (c) Physiological
- (d) Psychological

