

**Paper 01 – Fundamental of Economics and  
Management.**

**Postal Test Paper\_P1\_Foundation\_Syllabus 2016\_Set 1**

**Paper 1- Fundamentals of Economics and Management.**

Full Marks: 100

Time allowed: 3 hours

**Section A**

1. Answer all the following questions.

(a) Multiple choice questions: [10×1=10]

(i) FERA has been replaced by

- (a) FINA
- (b) FEMA
- (c) FENA

(d) MRTIP

(ii) Which of the following is near money?

- (a) Bill of exchange
- (b) Saving bonds
- (c) Gilt edged securities

(d) All the three

(iii) Point elasticity was propounded by

- (a) Adam Smith
- (b) Marshall
- (c) Robbins
- (d) Keynes

(iv) 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 three

(v) RBI check inflation by

- (a) Increasing bank rate
- (b) Increasing CRR
- (c) Both
- (d) None

(vi) Which of the following is not a factor in market supply of a product -

- (a) Cost of Production
- (b) Number of buyers

## Postal Test Paper\_P1\_Foundation\_Syllabus 2016\_Set 1

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- (c) Market price of the product  
 (d) Price of related products

(vii) 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) None of the above

(viii) Who was the father of Economics -

- (a) Marshall  
 (b) Adam Smith  
 (c) Robbins  
 (d) Keynes

(ix) 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

(x) Ceteris paribus means -

- (a) Demand constant  
 (b) Supply constant  
 (c) Other thing being constant  
 (d) none

(b) Match the following:

[5×1=5]

	Column 'A'		Column 'B'
1.	CRR	A.	Rectangular Hyperbola
2.	Commercial paper	B.	Complementary goods
3.	Unitary Elastic Demand Curve	C.	Money market
4.	Implicit cost	D.	Credit creation
5.	Tea & Sugar	E.	Rent to own land

(c) Fill in the blanks:

[5×1=5]

- (i) When the  $AC=MC$  then the average cost is \_\_\_\_\_.
- (ii) According to Fisher theory money is demanded for \_\_\_\_\_ purpose.
- (iii) According to law of demand, there is a \_\_\_\_\_ relationship between price and demand.
- (iv) Toilet soaps industry is an example of \_\_\_\_\_ market.
- (v) In inductive method the logic proceed from \_\_\_\_\_ to \_\_\_\_\_.

## Postal Test Paper\_P1\_Foundation\_Syllabus 2016\_Set 1

---

- (d) State whether the following statements are True or False: [5×1=5]
- (i) Bank is said to be dealer in debt.
  - (ii) In perfect market and imperfect market the price is equal to average revenue.
  - (iii) Gross investment = net investment + depreciation.
  - (iv) Positive science related with J.B.Say.
  - (v) Profit is the main motto of Central Bank.
- (e) Define the following. [5×1=5]
- (i) Elasticity of Demand.
  - (ii) Money.
  - (iii) Perfect Competition.
  - (iv) Bank Rate.
  - (v) Marginal Utility.
- (f) Answer any one of the following: [10×1=10]
- (i) What are the functions of Central Bank?
  - (ii) Define Money market and explain the structure of Indian Money market?
- (g) Write a note on any two of the following: [2×5=10]
- (i) Law of Return to Scale.
  - (ii) Law of Variable proportion.
  - (iii) Features of oligopoly market.
  - (iv) Elasticity of Supply.

### Section – B

#### 2. Answer the following question.

- (a) Multiple choice questions: [10×1=10]
- (i) Span of Control is based on the theory of relationships propounded by \_\_\_\_
    - (a) Graicunas
    - (b) George Terry
    - (c) Barnard
    - (d) Simon
  - (ii) Work is natural like rest or play according to .
    - (a) Theory Y
    - (b) Theory X
    - (c) Theory X and Theory Y
    - (d) None of the above

- (iii) The term Motivation has been derived from the word.
- (a) Motivate
  - (b) Motivated
  - (c) Motive
  - (d) None of the above
- (iv) PERT and CPM are \_\_\_\_\_ techniques.
- (a) Queuing Theory
  - (b) Simulation
  - (c) Linear programming
  - (d) Network
- (v) Presence of \_\_\_\_\_ subordination inevitably brings chaos and disorder.
- (a) Dual
  - (b) Single
  - (c) Both (a) and (b)
  - (d) None
- (vi) The process of assigning work to others and giving them authority to do is
- (a) Control.
  - (b) Organizing.
  - (c) Power.
  - (d) Delegation of Authority.
- (vii) A decision to launch a new production plant is
- (a) Programmed decision
  - (b) Non-routine decision
  - (c) Personal decision
  - (d) Organizational decisions
- (viii) "Communication is an exchange of facts, ideas, opinions or emotions by two or more persons" according to:
- (a) A. Simon.
  - (b) Dalton Mc Farland.
  - (c) Newman and Summer.
  - (d) Louis A. Allen.
- (ix) Managers are reluctant to delegate authority due to the following reasons.
- (a) Lack of confidence in his subordinates
  - (b) Afraid of losing his importance
  - (c) When they like to dominate the whole show
  - (d) All of the above
- (x) There can be no Leadership without
- (a) Managers
  - (b) Subordinates
  - (c) Followers
  - (d) Superiors

## Postal Test Paper\_P1\_Foundation\_Syllabus 2016\_Set 1

---

(b) Match the following: [5×1=5]

	Column 'A'		Column 'B'
1.	General Theory of Motivation	A.	Selection of Language
2.	Theory X and Theory Y	B.	Investment plans
3.	Break Even Analysis	C.	Urge to do something
4.	Strategies	D.	Hygiene Factors
5.	Encoding	E.	Cost volume profit

(c) Fill in the blanks: [5×1=5]

- (i) \_\_\_\_\_ is an important technique that can supplement the use of responsibility charting.
- (ii) Esteem needs are of two types: self-esteem and \_\_\_\_\_.
- (iii) \_\_\_\_\_ refers to the ability or capacity to influence the behavior or attitudes of other individuals.
- (iv) The term communication is derived from the Latin word \_\_\_\_\_.
- (v) MIS means \_\_\_\_\_.

(d) State whether the following statements are True or False: [5×1=5]

- (i) Authority means ability to do something.
- (ii) The leader who exercises complete control over the subordinates is called Autocratic Leadership.
- (iii) Authority can be visible from organizational chart.
- (iv) Autocratic Leadership is also known as Democratic Leadership.
- (v) Decoding is said to be the carrier of message sent by a person to another.

(e) Define the following. [5×1=5]

- (i) Encoding
- (ii) Routine Decisions
- (iii) Power
- (iv) Delegation of Authority
- (v) Motivation

(f) Answer any four of the following questions. [4x5= 20]

- (i) What are the limitations of planning?
- (ii) Explain the steps in the process of Delegation.
- (iii) Explain the modern techniques for non programmed decisions.
- (iv) Explain the features of coordination.
- (v) Write a short note on MIS.

(vi) Explain the importance of motivation.