Paper 01 – Fundamental of Economics and Management.
Postal Test Paper P1_Foundation_Syllabus 2016_Set 2


Full Marks: 100

Time allowed: 3 hours

Section A

1. Answer all the following questions.

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

   (i) Which of these will have highly inelastic supply
       (a) Perishable goods
       (b) Consumer durables goods
       (c) Items of elite class consumption
       (d) All the three

   (ii) Which of the following is near money?
       (a) Bill of exchange
       (b) Saving bonds
       (c) Gilt edged securities
       (d) All the three

   (iii) RBI was nationalized in
       (a) June 1947
       (b) Jan. 1949
       (c) March 1954
       (d) April 1936

   (iv) Nature of PPF curve is ....
       (a) Convex to the origin
       (b) Concave to the origin
       (c) Both
       (d) none

   (v) Micro Economics theory deals with -
       (a) Economy as a whole
       (b) Individual units
       (c) Economic growth
       (d) all the above

   (vi) Supply of money refers to
       (a) Total money held by the public
       (b) Total money held by RBI
       (c) Total money with all the commercial banks and RBI
       (d) Total money in Government account
(vii) Which of these is associated with a monopolistic competitive market -
(a) Product differentiation
(b) Homogeneous product
(c) Normal in short run
(d) Single buyer

(viii) The demand for salt is inelastic, because
(a) of low price
(b) absence of it makes food tasteless
(c) no substitutes
(d) All the three

(ix) Internal Economies and Diseconomies arise due to -
(a) Overall industry-level changes
(b) Changes at the Firm Level
(c) Both (a) and (b)
(d) Neither (a) nor (b)

(x) Human wants are -
(a) limited
(b) unlimited
(c) undefined
(d) none

(b) Match the following:

<table>
<thead>
<tr>
<th>Column ‘A’</th>
<th>Column ‘B’</th>
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<tbody>
<tr>
<td>1. Credit Creation</td>
<td>A. Monetary Policy</td>
</tr>
<tr>
<td>2. RBI</td>
<td>B. Average Cost</td>
</tr>
<tr>
<td>3. Substitution Effect</td>
<td>C. Fixed factor</td>
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<tr>
<td>4. AFC + AVC</td>
<td>D. Commercial Bank</td>
</tr>
<tr>
<td>5. Land</td>
<td>E. Demand Curve</td>
</tr>
</tbody>
</table>

(c) Fill in the blanks:

(i) If the supply curve is parallel to ox-axis than the supply is________.
(ii) When the total utility is maximum, then the marginal utility is________.
(iii) ATC curve will be in________shaped.
(iv) In deductive method the logic proceed from________to__________
(v) Perfectly elastic demand curve is________.

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

(i) RBI issues the one rupee notes and coins.
(ii) The terms micro & macro are introduced by Ragnar Frisch.

(iii) The main cause for the ‘U’ shape of LAC curve shifts upwards.

(iv) In perfect market AR=MR curve is parallel to ox-axis.

(v) Science is practical, but Art is theoretical.

(e) Define the following. [5×1=5]

(i) CRR.

(ii) Monopoly.

(iii) Marginal Revenue.

(iv) Scarcity.

(v) Consumer Surplus.

(f) Answer any one of the following: [10×1=10]

(i) What is commercial bank? What are the functions of commercial bank?

(ii) Define money and explain the function of money?

(g) Write a note on any two of the following: [2×5=10]

(i) IMF.

(ii) Exim Bank.

(iii) Elasticity of Demand.

(iv) Features of perfect competition.

Section – B

2. Answer the following question.

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

(i) Duties should be assigned according to _______ subordinates.

(a) Qualifications

(b) Experience

(c) Aptitude of

(d) All of the above

(ii) _______ needs are at the base of the Hierarchy according to Maslow.

(a) Safety needs

(b) Esteem needs

(c) Physiological needs

(d) Self-actualisation needs

(iii) The term ‘Power’ is often considered as synonymous to.

(a) Responsibility

(b) Accountability

(c) Authority

(d) Control

(iv) The process of co-ordination must begin in the early stages of -

(a) Control

(b) Planning
(c) Organising
(d) Staffing

(v) Which of the following is not a financial incentive?
(a) Pay
(b) Allowance
(c) Recognition
(d) Bonus

(vi) Which leadership style permits quick decision making?
(a) Democratic style
(b) Laissez – Fair Leadership
(c) Authoritarian Leadership
(d) None of the above

(vii) CPC means -
(a) Critical path control
(b) Critical point control
(c) Critical point complaint
(d) Critical point complex

(viii) Who considered co-ordination as a permeating function of management passing through the managerial functions of planning, organizing, staffing, leading and controlling?
(a) George Terry and Theo Haimann
(b) Henry Fayol
(c) Haynes and Massie
(d) Hicks and Gullet

(ix) Control function is closely connected to -
(a) Planning
(b) Organizing
(c) Co-ordination
(d) All of the above

(x) Flexibility and Pragmatism are two important pre-requisites of success of planning.
(a) Strategic
(b) Operations
(c) Corporate
(d) Long range

(b) Match the following:

<table>
<thead>
<tr>
<th>Column 'A'</th>
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<tbody>
<tr>
<td>1. Decoding</td>
<td>A Henry Fayol</td>
</tr>
<tr>
<td>2. Control by Exception</td>
<td>B Flows in all direction</td>
</tr>
<tr>
<td>3. Father of Modern Management</td>
<td>C Superior and subordinate</td>
</tr>
<tr>
<td>4. Delegation of Authority</td>
<td>D Management by Exception</td>
</tr>
<tr>
<td>5. Power</td>
<td>E Interpretation of message</td>
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</table>

(c) Fill in the blanks:

[5×1=5]
(i) Responsibility flow __________.
(ii) Management is both an art and a ________.
(iii) Theory _______ is based on a faulty conception of human nature.
(iv) _______ is a relationship between two individuals—one superior and the other subordinate.
(v) The internal sources of recruitment include the employees on the ________________.

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

(i) Objectives, Policies, Procedures and rules are important single use plans.
(ii) Carrot and Stick approach to motivation is adopted under Benevolent autocratic system.
(iii) Brain storming is one of the participative techniques.
(iv) Rule of thumb to be replaced by rule of science to improve the standard of performance.
(v) Responsibility flows downward.

(e) Define the following. [5×1=5]

(i) Decentralization.
(ii) Participative Leadership.
(iii) Induction.
(iv) Feed forward control.
(v) Authority.

(f) Answer any four of the following questions. [4×5= 20]

(i) Explain the quantitative techniques of decision making.
(ii) Define communication and explain the steps in communication process.
(iii) Define Leadership and explain the characteristics of Leadership.
(iv) Define planning and explain the characteristics of planning.
(v) Define control and explain the principles of control.
(vi) Distinguish between Delegation and Decentralization.