



FOUNDATION EXAMINATION
MODEL QUESTION PAPER
PAPER - 4

SET- 2
TERM DEC-2024

FUNDAMENTALS OF BUSINESS ECONOMICS AND MANAGEMENT

Time Allowed: 1 Hour

Full Marks: 100

Answer all questions. Each question carries 2 marks.

1.	What is the maximum point of TP?	
(a)	When AP become zero	O
(b)	When MP become zero	O
(c)	At the intersecting point of AP& MP	O
(d)	None of these	O
2.	Modes of production was propounded by	
(a)	Adam Smith	O
(b)	Karl Marx	O
(c)	David Ricardo	O
(d)	Alfred Marshall	O
3.	The average total cost and the average variable cost corresponding to production of 30 unit is ₹30 and ₹27 respectively, the total fixed cost of the firm will be	
(a)	₹60	O
(b)	₹80	O
(c)	₹90	O
(d)	₹100	O
4.	When the price is constant if there is a change in supply, it is said to be perfectly elastic supply. Here, the value of E_s is	
(a)	Zero	O
(b)	equal to 2	O
(c)	less than 2	O
(d)	infinity	O
5.	Which of these will have highly inelastic supply?	
(a)	perishable goods	O
(b)	consumer durables goods	O
(c)	Items of elite class consumption	O
(d)	All the three	O



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6.	Socialistic nature of an economy means		
	(a)	income and wealth are owned by the capitalists	O
	(b)	income and wealth are owned by the labour class	O
	(c)	income and wealth are owned by the state and public	O
	(d)	All of the above	O
7.	The sum total of explicit costs and implicit cost is termed as		
	(a)	Accounting cost	O
	(b)	Historical cost	O
	(c)	Economic cost	O
	(d)	Real cost	O
8.	Which one of the following is not a factor of production?		
	(a)	Land	O
	(b)	Labour	O
	(c)	Capital	O
	(d)	Bank Loan	O
9.	When the firm is in the long period equilibrium it gets only :		
	(a)	normal profit	O
	(b)	no loss no profit	O
	(c)	super normal profit	O
	(d)	Loss	O
10.	Equilibrium of the firm under perfect Market means ,when :		
	(a)	MR curve cuts the MC curve from below	O
	(b)	MC curve cuts the MR curve from below	O
	(c)	MC Curve and MR curve are Parallel to each other	O
	(d)	AR curve is Equal to MC curve	O
11.	When output increases, AFC of a firm		
	(a)	Increases	O
	(b)	remains constant	O
	(c)	continuously declines	O
	(d)	initially increases, afterwards declines	O



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12.	Long-run equilibrium price is known as _____		
	(a)	Market Price	<input type="radio"/>
	(b)	Reserve Price	<input type="radio"/>
	(c)	Normal Price	<input type="radio"/>
	(d)	Support Price	<input type="radio"/>
13.	The AR curve and industry demand curve are identical		
	(a)	in case of monopoly	<input type="radio"/>
	(b)	n case of oligopoly	<input type="radio"/>
	(c)	in case of monopolistic competition	<input type="radio"/>
	(d)	in case of perfect competition	<input type="radio"/>
14.	In a perfect competition, a firm earns super normal profit when the AR of the firm _____ the AC of the firm.		
	(a)	equals to	<input type="radio"/>
	(b)	exceeds	<input type="radio"/>
	(c)	is lower than	<input type="radio"/>
	(d)	neither exceeds nor is lower than	<input type="radio"/>
15.	Oligopoly means _____		
	(a)	Single seller	<input type="radio"/>
	(b)	few sellers	<input type="radio"/>
	(c)	large number of sellers	<input type="radio"/>
	(d)	no buyers	<input type="radio"/>
16.	In a competitive market is the price maker :		
	(a)	Firm	<input type="radio"/>
	(b)	Industry	<input type="radio"/>
	(c)	Consumer	<input type="radio"/>
	(d)	Trade association	<input type="radio"/>
17.	The forces of supply and demand determine the :		
	(a)	the quantity of the goods	<input type="radio"/>
	(b)	the price of the goods	<input type="radio"/>
	(c)	different prices from different customers	<input type="radio"/>
	(d)	demand of customers	<input type="radio"/>



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18.	Cartel is one form of	
(a)	Monopoly	O
(b)	Duopoly	O
(c)	Collusive oligopoly	O
(d)	Non-collusive oligopoly	O
19.	Which of these affects the demand for money?	
(a)	Real income	O
(b)	Price level	O
(c)	Rate of interest	O
(d)	Both (a) and (c)	O
20.	RBI check inflation by	
(a)	Increasing bank rate	O
(b)	Increasing CRR	O
(c)	Both	O
(d)	None	O
21.	Repo transaction means :	
(a)	Sale of securities by the holder to the investor with the agreement to purchase them at a predetermined rate and date	O
(b)	Sale of securities by the holder to the investor with the agreement to resell them at a predetermined rate and date.	O
(c)	Sale and purchase of securities by the holder to the investor with the agreement to purchase them at the prevailing rate and date	O
(d)	Sale of securities by the holder to the investor with the agreement to purchase them at market driven rate.	O
22.	Money market is controlled by	
(a)	Government	O
(b)	Reserve bank of India	O
(c)	State bank of India	O
(d)	all the above	O



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23.	Commercial banks provide collateral loans against		
	(a)	Bonds	O
	(b)	govt. security	O
	(c)	both A & B	O
	(d)	None	O
24.	Commercial Paper was introduced in Indian money market in January _____		
	(a)	1990	O
	(b)	1980	O
	(c)	1970	O
	(d)	1960	O
25.	Deficit financing means:		
	(a)	Financing budgetary deficit by borrowing	O
	(b)	Financing budgetary deficit by printing money	O
	(c)	Both	O
	(d)	None	O
26.	If the country is passing through recession, the RBI would		
	(a)	Buy bonds	O
	(b)	Reduce CRR	O
	(c)	Ease out bank rate	O
	(d)	All or any of the above three	O
27.	Which of these would lead to fall in demand for money?		
	(a)	Inflation	O
	(b)	Increase in real income	O
	(c)	Increase in real rate of interest	O
	(d)	Increase in wealth	O
28.	ARDC was merged in _____ bank		
	(a)	ICICI	O
	(b)	IDBI	O
	(c)	SIDBI	O
	(d)	NABARD	O



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29.	Which of these is one of the causes of inflation?		
	(a)	Increase in public expenditure	O
	(b)	Deficit financing	O
	(c)	Increase in administrative prices	O
	(d)	All the three	O
30.	The term 'T' in SWOT Analysis is :		
	(a)	Transparency	O
	(b)	Total revenue	O
	(c)	Threat	O
	(d)	Transaction	O
31.	Volatility refers to the change of		
	(a)	Speed	O
	(b)	Volume	O
	(c)	Nature	O
	(d)	All the above	O
32.	Uncertainty means.....		
	(a)	Lack of mind	O
	(b)	Lock of clarity	O
	(c)	Lack of charity	O
	(d)	None	O
33.	When a situation cannot be clearly interpreted, such situation termed as.....		
	(a)	Volatility	O
	(b)	Uncertainty	O
	(c)	Complexity	O
	(d)	Ambiguity	O
34.	Which project has been introduced in Indian budget 2022, to boost up the infrastructure?		
	(a)	P.M Gati-Shakti	O
	(b)	P. M. Kisan Yojana	O
	(c)	Make in India	O
	(d)	All the above.	O



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35.	Under the high _____, it is impossible to fully analyse the environment and come to rational conclusions.		
	(a)	Uncertainty	O
	(b)	Complexity	O
	(c)	Volatility	O
	(d)	Ambiguity	O
36.	According to _____ “decision-making is the electing of an alternative from two or more alternatives, to determine an opinion or a course of action”.		
	(a)	Felix M. Lopez	O
	(b)	George R. Terry	O
	(c)	John McDonald	O
	(d)	Andrew Szliagyl	O
37.	Decision making is the selection based on some criteria from two or more possible alternatives is defined by _____.		
	(a)	Farland	O
	(b)	Mac Donald	O
	(c)	Terry	O
	(d)	M.C. Nites	O
38.	PERT and CPM are _____ techniques.		
	(a)	Queuing Theory	O
	(b)	Simulation	O
	(c)	Linear Programming	O
	(d)	Network	O
39.	Brain Storming is one of the _____ techniques.		
	(a)	Creative	O
	(b)	Participative	O
	(c)	Heuristic	O
	(d)	None of the above	O



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40.	Decisions into programmed decisions and non-programmed decisions is adopted by		
	(a)	Peter Drucker	O
	(b)	Herbert Simon	O
	(c)	M. Lopez	O
	(d)	John Mc Donald	O
41.	The sequential set of steps in decision making is		
	(a)	Identification – Evaluation – Developing – Selection – Implementation.	O
	(b)	Identification – Developing – Evaluation – Implementation – Selection.	O
	(c)	Identification – Developing – Evaluation – Selection – Implementation.	O
	(d)	None of the above	O
42.	X and Y theory was introduced by_____.		
	(a)	Mc Gregor.	O
	(b)	Peter Drucker.	O
	(c)	Henry Fayol.	O
	(d)	FW Taylor.	O
43.	Maslow’s motivation theory is on the basis of human_____.		
	(a)	satisfaction.	O
	(b)	needs.	O
	(c)	maintenance factors.	O
	(d)	rewards.	O
44.	Carrot and Stick approach to motivation is adopted under which system?		
	(a)	Exploitative Autocratic	O
	(b)	Benevolent Autocratic	O
	(c)	Consultative	O
	(d)	Democratic	O
45.	Labour absenteeism and Labour turnover are reduced in case of		
	(a)	Autocratic Leadership	O
	(b)	Democratic Leadership	O
	(c)	Free-rein Leadership	O
	(d)	None of the above	O



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46.	Break even analysis is adopted as a tool of		
	(a)	Profit planning	O
	(b)	Cost planning	O
	(c)	Sales planning	O
	(d)	None of the above	O
47.	A systematic evaluation of the functioning, performance and effectiveness of management of organization is known as:		
	(a)	Management Information System	O
	(b)	Management Audit	O
	(c)	Internal Audit	O
	(d)	None of the above	O
48.	The Thermostat in a refrigerator operates on the principle of		
	(a)	Steering control	O
	(b)	Preventive control	O
	(c)	Cybernetic control	O
	(d)	Real Time control	O
49.	Transfer of authority from one individual to another.		
	(a)	Delegation	O
	(b)	Centralisation	O
	(c)	Decentralisation	O
	(d)	Communication	O
50.	Who developed a theory of motivation on the basis of hypotheses relating to human behaviour?		
	(a)	McGregor's	O
	(b)	J. Stacy Adam's	O
	(c)	Victor Vroom's	O
	(d)	Herzberg	O