



**FOUNDATION EXAMINATION
MODEL QUESTION PAPER
PAPER – 4**

**SET 1
TERM DEC-2025
SYLLABUS - 2022**

FUNDAMENTALS OF BUSINESS ECONOMICS AND MANAGEMENT

Time Allowed: 1 Hour

Full Marks: 100

Answer all questions. Each question carries 2 marks.

1.	Who was the father of Economics?		
	(a)	Marshall	O
	(b)	Adam smith	O
	(c)	Robbins	O
	(d)	Keynes	O
2.	Nature of PPF curve is _____.		
	(a)	convex to the origin	O
	(b)	concave to the origin	O
	(c)	both	O
	(d)	none	O
3.	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
4.	Human wants are _____.		
	(a)	limited	O
	(b)	unlimited	O
	(c)	undefined	O
	(d)	none	O
5.	The supply function of a product x is as $S_x = 5p_x + 3$. Where p_x stand for price. The quantity supplied corresponding to price of ₹ 2 will be _____.		
	(a)	18	O
	(b)	13	O
	(c)	15	O



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	(d)	23	O
6.	Internal Economies and Diseconomies arise due to –		
	(a)	Overall industry-level changes	O
	(b)	Changes at the Firm Level	O
	(c)	Both (a) and (b)	O
	(d)	Neither (a) nor (b)	O
7.	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
8.	In a competitive market _____ is the price maker :		
	(a)	Firm	O
	(b)	Industry	O
	(c)	Consumer	O
	(d)	Trade association	O
9.	The market state that satisfy all the essential features of a perfect competitive market except identity of product is known as:		
	(a)	Oligopoly	O
	(b)	Duopoly	O
	(c)	Monopoly	O
	(d)	Monopolistic competition	O
10.	Equilibrium of the firm under perfect Market means, when :		
	(a)	AR curve is Equal to MC curve	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



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11.	One of the example of Oligopoly market is:		
	(a)	Cosmetic industry	O
	(b)	Cartel	O
	(c)	automobile industry	O
	(d)	Technology	O
12.	In monopoly market there is:		
	(a)	A single firm, single product	O
	(b)	A single firm, many substitute identical product	O
	(c)	A single product, many firm	O
	(d)	None of the above	O
13.	A firm that makes profit in excess of normal profit is earning		
	(a)	Economic profit	O
	(b)	Costing profit	O
	(c)	Normal profit	O
	(d)	Super normal profit	O
14.	In the short run if the price is above the average total cost in a monopolistic competitive market, the firm makes :		
	(a)	Profits and new firms join the market	O
	(b)	Profit and bar entry to new firms	O
	(c)	Makes losses and exit the market	O
	(d)	Quick profit and disappears	O
15.	Which of the following market structures has a perfectly elastic demand curve for individual?		
	(a)	Monopoly	O
	(b)	Perfect Competition	O
	(c)	Monopolistic Competition	O
	(d)	Oligopoly	O



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16.	Which of the following is a characteristic of a monopoly?		
	(a)	Many sellers	O
	(b)	Homogeneous products	O
	(c)	Single seller	O
	(d)	Free entry and exit	O
17.	In which market structure do firms have no control over the price of their product?		
	(a)	Monopoly	O
	(b)	Oligopoly	O
	(c)	Monopolistic Competition	O
	(d)	Perfect Competition	O
18.	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
19.	Supply of money refers to :		
	(a)	Total money held by the public	O
	(b)	Total money held by RBI	O
	(c)	Total money with all the commercial banks and RBI	O
	(d)	Total money in Government account	O
20.	Manipulation in CRR enables the RBI to _____		
	(a)	Influence the lending ability of the commercial banks	O
	(b)	Check unemployment growth	O
	(c)	Check poverty	O
	(d)	Increase GDP	O
21.	What is a key defect of the barter system?		
	(a)	Lack of double coincidence of wants	O



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	(b)	Difficulty in measuring value	O
	(c)	Difficulty in storing value	O
	(d)	All of the above	O
22.	Which of the following is considered "credit money"?		
	(a)	Cheques and drafts	O
	(b)	Promissory notes	O
	(c)	Exchange notes	O
	(d)	All of the above	O
23.	What is "near-money"?		
	(a)	Bonds	O
	(b)	Insurance policies	O
	(c)	Securities	O
	(d)	All of the above	O
24.	How can the central bank increase the availability of credit?		
	(a)	Sell government securities	O
	(b)	Buy government securities	O
	(c)	Raise the reverse repo rate	O
	(d)	Raise the repo rate	O
25.	Which of the following is not a primary function of the central bank?		
	(a)	Issue currency	O
	(b)	Act as banker to the government	O
	(c)	Provide banking services to the general public	O
	(d)	Control money supply	O
26.	If the required reserve ratio is 20%, and new reserves of ₹1,000 are injected, how much can the money supply increase (maximum)?		



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	(a)	₹5,000	O
	(b)	₹2,000	O
	(c)	₹1,000	O
	(d)	₹800	O
27.	What is the narrowest (most liquid) measure of money supply in India?		
	(a)	M2	O
	(b)	M3	O
	(c)	M4	O
	(d)	M1	O
28.	The Statutory Liquidity Ratio (SLR) must be maintained by banks in what form?		
	(a)	Gold	O
	(b)	Cash	O
	(c)	Government securities	O
	(d)	All of the above	O
29.	Which Indian body determines the Statutory Liquidity Ratio (SLR)?		
	(a)	Ministry of Finance	O
	(b)	Reserve Bank of India	O
	(c)	Commercial banks	O
	(d)	World Bank	O
30.	PESTEL Analysis is best described a:		
	(a)	A checklist of internal strengths & weaknesses	O
	(b)	A framework to analyse macro-environmental external forces	O
	(c)	A tool for micro-market pricing strategy	O
	(d)	An internal assessment procedure	O
31.	The term 'S' in PESTEL stands for-		
	(a)	Strength	O
	(b)	Socio-economic	O



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	(c)	Sustainability	O
	(d)	None	O
32.	VUCA is an acronym , first used in :		
	(a)	1984	O
	(b)	1987	O
	(c)	1997	O
	(d)	1992	O
33.	Which of the following is not a component of VUCAFU?		
	(a)	Uncertainty	O
	(b)	Ambiguity	O
	(c)	Clarity	O
	(d)	Volatility	O
34.	NPCI has been pivotal to the emergence of the digital payment ecosystem in India. NPCI stands for:		
	(a)	National Payments Corporation of India	O
	(b)	National Public Corporation of India	O
	(c)	National Payments Cell of India	O
	(d)	Nature Public Corporation of India	O
35.	Which of the following is not a feature of the business environment?		
	(a)	Relativity	O
	(b)	Uncertainty	O
	(c)	Interrelatedness	O
	(d)	Policy formulation	O
36.	Which of the following does not corroborate the concept of 'Management as a Science'?		
	(a)	Cause & Effect Relationship	O
	(b)	Test of Validity	O
	(c)	Personal Skill	O
	(d)	Experimentation & Observation.	O



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37.	The view that sees profit maximization as the main objective is known as:		
	(a)	Shareholder theory	O
	(b)	Agency Theory	O
	(c)	Stakeholder theory	O
	(d)	Stewardship theory	O
38.	Which of the following is not an agency cost?		
	(a)	Residual loss.	O
	(b)	Bonding costs.	O
	(c)	Concurrent loss	O
	(d)	Monitoring costs.	O
39.	T-group training is also known as:		
	(a)	Classroom Training	O
	(b)	Apprenticeship Training	O
	(c)	Internship Training	O
	(d)	Sensitivity Training	O
40.	_____ refers to the introduction of a person to the job and the organization.		
	(a)	Induction	O
	(b)	Placement	O
	(c)	Orientation	O
	(d)	None of the above	O
41.	The premises over which a firm has no control are known as _____.		
	(a)	Controllable premises	O
	(b)	Semi-Controllable premises	O
	(c)	Uncontrollable premises	O
	(d)	None of the above	O
42.	What is the process of completing tasks efficiently and effectively by and through people?		
	(a)	Organizing	O



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	(b)	Coordination	O
	(c)	Management	O
	(d)	Leadership	O
43.	Which of the following is not a characteristic of management?		
	(a)	Goal-oriented	O
	(b)	Continuous	O
	(c)	Universal	O
	(d)	One-time activity	O
44.	Which function of management ensures work is done as per plans and standards?		
	(a)	Planning	O
	(b)	Organizing	O
	(c)	Staffing	O
	(d)	Controlling	O
45.	Which level of management is responsible for formulating organizational policies?		
	(a)	Top-level	O
	(b)	Middle-level	O
	(c)	Lower-level	O
	(d)	Operational-level	O
46.	Controlling involves which of the following tasks?		
	(a)	Setting standards	O
	(b)	Organizing departments	O
	(c)	Implementing work plans	O
	(d)	Hiring new staff	O
47.	Vestibule training is considered as a part of:		
	(a)	Off- the -job training	O
	(b)	On-the-job training	O
	(c)	Both (a)& (b)	O



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	(d)	None of the above	O
48.	Which of the following called standing plans?		
	(a)	Programs	O
	(b)	Budgets	O
	(c)	Projects	O
	(d)	All of the above	O
49.	Planning is a:		
	(a)	Primary Function	O
	(b)	Secondary Function	O
	(c)	Supplementary Function	O
	(d)	None of the above	O
50.	Which of the following is not a part of staffing?		
	(a)	Publicity	O
	(b)	Recruitment	O
	(c)	Selection	O
	(d)	Training	O