

**FOUNDATION EXAMINATION****MODEL QUESTION PAPER****TERM – JUNE 2024****PAPER - 4****FUNDAMENTALS OF BUSINESS ECONOMICS AND MANAGEMENT****Time Allowed: 1 Hour****Full Marks: 100**

Answer all questions. Each question carries 2 marks.

| | | | |
|----|--|---|---|
| 1. | If the price of burger rises from ₹ 12 per piece to ₹ 20 per piece as a result of which the daily sales decrease from 300 to 200 pieces per day. The price elasticity of demand can be estimated as: | | |
| | (a) | 0.5 | O |
| | (b) | 0.8 | O |
| | (c) | 0.25 | O |
| | (d) | 2.1 | O |
| 2. | An increase 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 | O |
| | (b) | percentage change in quantity demanded is less than the percentage change in price | O |
| | (c) | percentage change in quantity demanded is equal to the percentage change in price | O |
| | (d) | none | O |
| 3. | 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 |
| 4. | Variable factor means those factors of production | | |
| | (a) | Which can be only changed in the long run? | O |
| | (b) | Which can be changed in the short run? | O |
| | (c) | Which can be never be changed | O |
| | (d) | Both (a) & (b) correct | O |
| 5. | Why does the Law of Increasing Returns operate? | | |



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| | | | |
|-----|-----|--|---|
| | (a) | Full use of Fixed Indivisible Factors. | O |
| | (b) | Efficiency of Variable Factors | O |
| | (c) | Need to reach the right combination | O |
| | (d) | All of the above | O |
| | | | |
| 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 | O |
| | | | |
| 7. | | The labour surplus is the difference between value of output minus | |
| | (a) | Values of materials used | O |
| | (b) | Values of fixed land used | O |
| | (c) | Values of capital used | O |
| | (d) | none | O |
| | | | |
| 8. | | Which of the following is/are an essential feature of the market : | |
| | (a) | Buyers | O |
| | (b) | Sellers | O |
| | (c) | Price | O |
| | (d) | All the three | O |
| | | | |
| 9. | | In the long run price is governed by | |
| | (a) | Cost of Production | O |
| | (b) | Demand supply forces | O |
| | (c) | Marginal utility | O |
| | (d) | None | O |
| | | | |
| 10. | | In the long run a firm in perfect competition earns : | |



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| | | | |
|-----|---|------------------------------------|---|
| | (a) | Normal profit only | O |
| | (b) | Abnormal profit | O |
| | (c) | Average profit of past five years | O |
| | (d) | 12.33% profits on capital employed | O |
| | | | |
| 11. | 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 |
| | | | |
| 12. | 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 |
| | | | |
| 13. | Which of these is associated with a monopolistic competitive market – | | |
| | (a) | Product differentiation | O |
| | (b) | Homogeneous Product | O |
| | (c) | Normal in short run | O |
| | (d) | Single buyer | O |
| | | | |
| 14. | A Monopoly demand curve is : | | |
| | (a) | Same as its average revenue curve | O |
| | (b) | Same as its supply curve | O |
| | (c) | Same as marginal cost curve | O |
| | (d) | None of these | O |
| | | | |

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| | | |
|-----|---|---|
| 15. | Penetration pricing means : | |
| (a) | price will reduced after gaining market share | O |
| (b) | reduce price when loosing market share | O |
| (c) | price will be raised later after gaining market share | O |
| (d) | None of these | O |
| | | |
| 16. | 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 |
| | | |
| 17. | the concept of monopolistic competition market was introduced by : | |
| (a) | Alfred Marshall | O |
| (b) | Prof. Chamberlin | O |
| (c) | Karl Marx | O |
| (d) | John Rabinson | O |
| | | |
| 18. | Optional money is a: | |
| (a) | Legal tender money | O |
| (b) | Non-legal tender money | O |
| (c) | Limited legal tender money | O |
| (d) | Full bodied money | O |
| | | |
| 19. | Which of the following function does money serve when used to measure the prices of different goods and services? | |
| (a) | Store of value | O |
| (b) | Medium of exchange | O |
| (c) | Standard of value | O |
| (d) | Display of power | O |
| | | |



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| 20. | 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 |
| | | |
| 21. | Which is the apex bank for agricultural credit in India? | |
| (a) | RBI | O |
| (b) | SIDBI | O |
| (c) | NABARD | O |
| (d) | IDBI | O |
| | | |
| 22. | RBI check inflation by | |
| (a) | Increasing bank rate | O |
| (b) | Increasing CRR | O |
| (c) | Both | O |
| (d) | None | O |
| | | |
| 23. | 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 |
| | | |
| 24. | RBI was nationalized in: | |
| (a) | June 1947 | O |
| (b) | Jan. 1949 | O |
| (c) | March 1954 | O |
| (d) | April 1936 | O |



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| | | | |
| 25. | Repo transaction means : | | |
| (a) | Sale of securities by the bolder 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 |
| | | | |
| 26. | Commercial banks provide collateral loans against | | |
| (a) | bonds | | O |
| (b) | govt. security | | O |
| (c) | both A & B | | O |
| (d) | None | | O |
| | | | |
| 27. | In call money market funds are borrowed of rent without any security for the period of... | | |
| (a) | one day | | O |
| (b) | 14 days | | O |
| (c) | a & b | | O |
| (d) | None | | O |
| | | | |
| 28. | The term 'T' in SWOT Analysis is : | | |
| (a) | Transparency | | O |
| (b) | Total revenue | | O |
| (c) | Threat | | O |
| (d) | Transaction | | O |
| | | | |



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| 29. | The term 'S' in PESTEL stands for- | |
| | (a) Strength | O |
| | (b) Socio-economic | O |
| | (c) Sustainability | O |
| | (d) None | O |
| | | |
| 30. | Which of the following is not a component of VUCAFU? | |
| | (a) Uncertainty | O |
| | (b) Ambiguity | O |
| | (c) Clarity | O |
| | (d) Volatility | O |
| | | |
| 31. | 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 |
| | | |
| 32. | In PESTEL Analysis, government policy, political stability or instability, corruption, foreign trade policy, tax policy, labour law, trade restrictions etc. are related to: | |
| | (a) Political factors | O |
| | (b) Economic factors | O |
| | (c) Environmental factors | O |
| | (d) Legal factors | O |
| | | |
| 33. | VUCA is an acronym , first used in : | |
| | (a) 1984 | O |
| | (b) 1987 | O |



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|-----|--|------------------------------|---|
| | (c) | 1997 | O |
| | (d) | 1992 | O |
| | | | |
| 34. | The components of micro business environment are- | | |
| | (a) | Firms and consumers | O |
| | (b) | Market & competitors | O |
| | (c) | Organization | O |
| | (d) | All | O |
| | | | |
| 35. | Profit is the difference between..... | | |
| | (a) | Total cost and total revenue | O |
| | (b) | Total revenue and total cost | O |
| | (c) | both A & B | O |
| | (d) | None | O |
| | | | |
| 36. | Which is inherent in managerial job and embodied in all the functions of management? | | |
| | (a) | Planning | O |
| | (b) | Organising | O |
| | (c) | Control | O |
| | (d) | Co-ordination | O |
| | | | |
| 37. | Who emphasized harmony of objectives is crucial to the success of direction? | | |
| | (a) | F.W.Taylor | O |
| | (b) | Henry Fayol | O |
| | (c) | Peter Drucker | O |
| | (d) | George Terr | O |
| | | | |
| 38. | Which of the following is not a function of managers? | | |



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|-----|--|---------------------|---|
| | (a) | Designing | O |
| | (b) | Organizing | O |
| | (c) | Leading | O |
| | (d) | Planning | O |
| | | | |
| 39. | 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 |
| | | | |
| 40. | Agency Theory' developed by : | | |
| | (a) | Alchian and Demsetz | O |
| | (b) | Jensen and Meckling | O |
| | (c) | Jensen and Fama | O |
| | (d) | All of the above | O |
| | | | |
| 41. | 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 |
| | | | |
| 42. | _____ is defined as the process of obtaining and maintaining the capable and competent people to fill all positions from top to operative level. | | |
| | (a) | Staffing | O |
| | (b) | Selection | O |
| | (c) | Recruitment | O |
| | (d) | Training | O |



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| | | | |
| 43. | Selection is a process of rejection and hence it is called a _____ process : | | |
| | (a) | Positive | O |
| | (b) | Negative | O |
| | (c) | Either (a) or (b) | O |
| | (d) | None of the above | O |
| | | | |
| 44. | T-group training is also known as : | | |
| | (a) | Classroom Training | O |
| | (b) | Apprenticeship Training | O |
| | (c) | Internship Training | O |
| | (d) | Sensitivity Training | O |
| | | | |
| 45. | Training conducted away from the actual work setting is called: | | |
| | (a) | On-the-Job Training | O |
| | (b) | Off-the-Job training | O |
| | (c) | Step-by-Step Training | O |
| | (d) | Job-Instruction Training | O |
| | | | |
| 46. | _____ 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 |
| | | | |
| 47. | Which activity brings the job-seeker and employer in contact with one another? | | |
| | (a) | Recruitment | O |
| | (b) | Selection | O |



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| | | | |
|-----|---|---------------------------------------|---|
| | (c) | Induction | O |
| | (d) | Placement | O |
| | | | |
| 48. | Who contends that “Training is an act of increasing the knowledge and skill of an employee for doing a particular job”? | | |
| | (a) | Edwin Flippo | O |
| | (b) | Michael J. Jucius | O |
| | (c) | O. Jeff Harris | O |
| | (d) | Andrew Carnegie | O |
| | | | |
| 49. | 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 |
| | | | |
| 50. | Which of the following statements is not correct? | | |
| | (a) | Management is a goal-oriented process | O |
| | (b) | Management is a universal process | O |
| | (c) | Management is a continuous process | O |
| | (d) | Management is a rigid process | O |
| | | | |