

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

## Paper 1 - Fundamentals of Economics and Management

Full Marks :100

Time allowed: 3 hours

I. Choose the correct answer from the given four alternatives:

[10 x 1 = 10]

1. Who was the father of Economics
  - (a) Marshall
  - (b) Adam smith
  - (c) Robbins
  - (d) Keynes
  
2. Ceterisparibus means
  - (a) Demand constant
  - (b) supply constant
  - (c) other thing being constant
  - (d) none
  
3. In the long run a firm in perfect competition earns
  - (a) Normal profit only
  - (b) Abnormal profit
  - (c) Average profit of past five years
  - (d) 12.33% profit on capital employed
  
4. A firm faces the shut down situation when
  - (a) Price is less than average variable cost
  - (b) Price is more than the average variable cost
  - (c) Price is equal to fixed cost
  - (d) Price is more than the average fixed cost
  
5. Which shows the functional relationship between consumption and income
  - (a) Income function
  - (b) consumption function
  - (c) Saving function
  - (d) None
  
6. Real GDP is measured in \_\_\_\_\_ prices
  - (a) Current year
  - (b) Base year
  - (c) 1980
  - (d) 2000
  
7. CRR means
  - (a) Cumulative rate of return

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- (b) Current rate of return
- (c) Cash Reserve Ratio
- (d) Current rate of Rupee

8. Nationalization of Banks took place in

- (a) July 1969
- (b) February 1977
- (c) January 1960
- (d) April 1989

9. Disguised unemployment is mainly found in

- (a) Urban areas
- (b) Rural areas
- (c) Small scale sector
- (d) Highly qualified work force

10. Which of these is/are the features of an underdeveloped economy?

- (a) Greater inequalities
- (b) High incidence of unemployment
- (c) Orthodox means of production
- (d) All the three

## II. Fill in the blanks:

[5 x 1 = 5]

1. In deductive method the logic proceed from \_\_\_\_\_ to \_\_\_\_\_
2. Supply curve in the case of labour is \_\_\_\_\_
3. When the  $AC=MC$  then the average cost is \_\_\_\_\_
4. According to fisher theory money is demanded for \_\_\_\_\_ purpose
5. Credit creation is the function of \_\_\_\_\_ banks.

## III. Match the following

[5 x 1 = 5]

Column 'A'		Column 'B'	
1.	Bank Rate	A	Savings
2.	Interdependence	B	Manila
3.	MPC	C	RBI
4.	Liquidity Preference	D	Keynes
5.	ADB	E	Oligopoly

## IV. State whether the following statement is True (or) False.

[5 x 1 = 5]

1. Tramways is an example of perfect market.
2. Income method is also called value added method.

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3. There is a direct relationship between price level and value of money.
4. Welfare of the people depends upon the distribution of national income.
5. The insurance sector allowing foreign direct investment.

**V. Give the answer in one sentence for any five from the following:**

**[5×1=5]**

1. Marginal Utility
2. Demand Forecasting
3. Deficit Finance
4. Bank Rate
5. Density of Population
6. Marginal Revenue
7. What is Monopoly?
8. RBI.

**VI. Answer any one of the following**

**[1×10= 10]**

1. Define National Income and explain the methods of measurement of National Income and State any five problems involved in the calculation of National Income.
2. Explain the functions of Reserve Bank of India.

**VII. Answer any two of the following**

**[2×5 = 10]**

1. State the determinants of Elasticity of Demand.
2. What are the features of Monopoly?
3. State the differences between fixed costs and variable costs?
4. What are the Internal Economies?

## **PART B (50 Marks)** **(Fundamentals of Management)**

**I. Choose the correct answer from the given four alternatives:**

**[10×1 = 10]**

1. Which is not one of Fayol's principles:  
(a) Authority and responsibility  
(b) Line of authority  
(c) Globalization  
(d) Unity of command
2. Which of the following is not a fundamental characteristics of Bureaucratic Management?  
(a) Specialisation of labour  
(b) Well defined hierarchy  
(c) Striving to be a 'first-class worker'

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- (d) Formal rules and regulations.
3. According to Fayol's 14 principles of management, 'esprit de corps' refers to which of the following?
- (a) Being treated fairly and kindly.
  - (b) Spirit of the corporation.
  - (c) Team work and harmony.
  - (d) Spirit of work.
4. What is the meaning of the acronym HRM?
- (a) Humane Resource Management.
  - (b) Humanistic Resource Management.
  - (c) Human Resource Management.
  - (d) Human Relations Management.
5. The standard performances need to be adjusted after measuring with:
- (a) actual performances
  - (b) costs
  - (c) time involved
  - (d) external factors
6. Theory \_\_\_\_\_ is based on positive assumptions about workers.
- (a) Z
  - (b) X
  - (c) Y
  - (d) C
7. What does ERG stands for
- (a) Effective, readiness and growth
  - (b) Expectancy, real and exist
  - (c) Existence, relatedness and growth
  - (d) Excellent relationship and growth.
8. Classification of groups into Natural groups, Family groups and organized groups according to
- (a) Sayles
  - (b) Mayo and Lombard
  - (c) Dalton's
  - (d) None of the above
9. Propinquity means
- (a) Nearness
  - (b) Farness
  - (c) Closeness

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(d) All of the above

10. Which of the following is a stage in the conflict process?

- (a) functional conflict
- (b) dysfunctional conflict
- (c) hindering conflict
- (d) incompatibility

## II. Fill in the blanks:

[5×1 = 5]

1. Father of Scientific Management is \_\_\_\_\_
2. \_\_\_\_\_ means transfer of authority from one individual to another.
3. Span of Control is based on the theory of relationships propounded by \_\_\_\_\_
4. Free Rein Leadership is also known as \_\_\_\_\_
5. \_\_\_\_\_ happens because people have different beliefs, priorities and interests and sometimes those interests clash.

## III. Match the following

[5×1 =5]

Column 'A'		Column 'B'	
1.	Henry Fayol	A	Prof Douglas Mc Gregor
2.	Encoding	B	Predicting the future events
3.	Supervision	C	Father of Modern Management
4.	Theory X and Theory Y	D	Selection of Language
5.	. Forecasting	E	Overseeing the subordinates at work

## IV. State whether the following statement is True (or) False.

[5×1 =5]

1. Recruitment sources are always external.
2. Planning is an intellectual process.
3. Authority is vested in a position.
4. The process of communication: Sender – Decoding– Transmission of Message – Receiver - Encoding – Feedback.
5. Management is a science as well as an art.

## V. Define any Five of the following:

[5×1= 5]

1. Span of Control
2. Planning.
3. Control.
4. Esprit de corps
5. Democratic Leadership
6. Decoding
7. Apathetic Groups

8. Meaning of Conflict

**VI. Answer any four of the following questions.**

**[4×5=20]**

1. Explain about the Neo Classical Theory of Organisation.
2. Explain the steps in the process of Delegation of authority.
3. Explain the difference between Authority and Power.
4. What are the qualities of a Successful Leader?
5. Explain the reasons for Group Formation.
6. What are the ways of managing conflicts in organization?