

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

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**Full Marks : 100**

**Time allowed: 3 hours**

**Section – A  
Part A**

**1. (a) Choose the correct answer from the given four alternatives: [20 × 1 = 20]**

- (i) Business economics is \_\_\_\_\_ for accurate decision.
- (a) An ideal science.
  - (b) An physical science.
  - (c) An art.
  - (d) A science.
- (ii)  $M_p$  cuts  $A_p$  when -
- (a)  $M_p$  is minimum.
  - (b)  $M_p$  is maximum.
  - (c)  $A_p$  is maximum.
  - (d)  $A_p$  is minimum.
- (iii) Which of the following would result in the shifting of the demand curve?
- (a) Increase in the tax on shoes
  - (b) Growth in the size of population
  - (c) Change in weather conditions
  - (d) All of the above
- (iv) A downward sloping Engel curve shows-
- (a) Normal goods
  - (b) Inferior goods
  - (c) Substitute goods
  - (d) Complementary goods
- (v) Change in demand, as a result of the factors other than price is known as-
- (a) Demand fluctuation
  - (b) Contraction/extension of demand
  - (c) Demand shrinking
  - (d) Shift in demand
- (vi) The average product of labour is maximized when marginal product of labour-
- (a) Equals the average product of labour
  - (b) Equals zero
  - (c) Is maximized
  - (d) None of the above
- (vii) Which of the following represents the elasticity of revenue with respect to price?
- (a) 1
  - (b) e
  - (c)  $1 + e$
  - (d)  $1 - e$
- (viii) The equilibrium point is attained when \_\_\_\_\_ is maximum.
- (a)  $TT = TR + TC$
  - (b)  $TT = TR - TC$
  - (c)  $TT = TR \times TC$
  - (d)  $TT = TR \div TC$

- (ix) Perfect competitive firm are-
- (a) Price searchers
  - (b) Price makers
  - (c) Price discriminators
  - (d) Price taker
- (x) Who is the custodian of national reserves of international currency?
- (a) SBI
  - (b) IDBI
  - (c) RBI
  - (d) ICICI
- (xi) With the increase in the banking habits of the people the value of deposit multiplier-
- (a) Decrease
  - (b) Increase
  - (c) Remain constant
  - (d) None of the above
- (xii) Which are unsecured promissory notes
- (a) Commercial paper
  - (b) Certificate of deposits
  - (c) Treasury bills
  - (d) All of the above
- (xiii) EXIM bank is authorized to raise loan from
- (a) RBI
  - (b) Government of India
  - (c) International market
  - (d) Trading activities
- (xiv) Which of these would lead to fall in demand for money?
- (a) Inflation
  - (b) Increase in real income
  - (c) Increase in real rate of interest
  - (d) Increase in wealth
- (xv) In the long run price is governed by\_\_\_\_\_
- (a) Cost of production
  - (b) Demand supply forces
  - (c) Marginal utility
  - (d) none
- (xvi) A Rational producer will operates in -
- (a) Stage I
  - (b) Stage II
  - (c) Stage III
  - (d) All of the above
- (xvii) The demand of salt is inelastic, because
- (a) Of low price
  - (b) Absence of it makes food tasteless
  - (c) No substitutes
  - (d) All of the above

- (xviii) Ceteris paribus means  
(a) Demand constant  
(b) Supply constant  
(c) Other thing being constant  
(d) None of the above
- (xix) Money market deals with the \_\_\_\_\_  
(a) Short term credit  
(b) Long term credit  
(c) Both (a) & (b)  
(d) None
- (xx) If the country is passing through recession, the RBI would  
(a) Buy bonds  
(b) Reduce CRR  
(c) Ease out bank rate  
(d) All or any of the above three

**(b) Match the following:**

**[5×1=5]**

	Column 'A'		Column 'B'
1.	Unitary elastic DD curve	A.	LAC curve
2.	Micro Economics	B.	Marshall
3.	Skimming price	C.	high price
4.	Principles of economics	D.	Price theory
5.	Planned curve	E.	Rectangular hyperbola

**(c) State whether the following statements are True (or) False.**

**[5×1=5]**

- (i) Positive science does not related to value judgments.  
(ii) Price discrimination is possible due to elasticity.  
(iii) When the TP is maximum, then the AP is zero.  
(iv) Pure oligopoly is one where there are few sellers producing homogeneous product.  
(v) According to Cambridge equation if 'K' is more the value of money should increase.

**PART B**

**Answer any four questions out of six questions**

**[4×5=20]**

2. Define the wealth and its types. **[5]**  
3. Describe the importance of elasticity of demand. **[5]**  
4. Explain the application of opportunity cost. **[5]**  
5. State the features of monopoly market. **[5]**  
6. What are the difficulties of the barter system? **[5]**  
7. State the difference between central bank and the commercial bank. **[5]**

**Section – B  
PART A**

**8. Answer all the questions :**

**(a) Choose the correct answer:**

**[20×1=20]**

**(i)** A decision to launch a new production plant is

- (a)** Programmed decision
- (b)** Non-routine decision
- (c)** Personal decision
- (d)** Organizational decision

**(ii)** Tactical decisions are made to implement

- (a)** Programmed decisions
- (b)** Non - programmed decisions
- (c)** Strategic decisions
- (d)** Individual decisions

**(iii)** Which of the following is not a financial incentive?

- (a)** Pay
- (b)** Bonus
- (c)** Allowances
- (d)** Recognition

**(iv)** Motivation is a \_\_\_\_\_ concept

- (a)** Psychological
- (b)** Mental
- (c)** Behavioral
- (d)** None the above

**(v)** Responsibility flows in \_\_\_\_\_

- (a)** Downward direction
- (b)** Upward direction
- (c)** All directions
- (d)** None of the above

**(vi)** Centralization and decentralization are \_\_\_\_\_ terms.

- (a)** Equal
- (b)** Different
- (c)** Opposite
- (d)** None the above

**(vii)** Delegation takes place between

- (a)** Superior and subordinate
- (b)** Superior and Superior at same levels
- (c)** Subordinate and peers
- (d)** All of the above

**(viii)** The concept of MBO is introduced in \_\_\_\_\_

- (a)** 1964
- (b)** 1954
- (c)** 1854
- (d)** 1984

**(ix)** CPM stands for

- (a)** Critical path method
- (b)** Critical path management

- (c) Control path method  
(d) Critical planning method
- (x) Which of the following are called standing plan  
(a) Policies  
(b) Procedures  
(c) Rules  
(d) All of the above
- (xi) Formal communication is always  
(a) Written  
(b) Oral  
(c) Both (a) and (b)  
(d) None of the above
- (xii) Which communication creates a record of evidence  
(a) Verbal  
(b) Written  
(c) Formal  
(d) All of the above
- (xiii) \_\_\_\_\_ is a kin to "nucleous" of an organization  
(a) Supervision  
(b) Planning  
(c) Direction  
(d) organizing
- (xiv) Goal incongruence may lead to \_\_\_\_\_  
(a) Ineffectiveness  
(b) Inefficiency  
(c) Both (a) and (b)  
(d) None of the above
- (xv) Manpower planning is also known as \_\_\_\_\_  
(a) Human resources accounting  
(b) Human resources management  
(c) Human resources planning  
(d) None of the above
- (xvi) Recruitment is a \_\_\_\_\_ process  
(a) Positive  
(b) Negative  
(c) Long  
(d) All of the above
- (xvii) There are \_\_\_\_\_ sources of recruitment  
(a) 2  
(b) 3  
(c) 4  
(d) 5
- (xviii) There are \_\_\_\_\_ types of organization structure  
(a) Two  
(b) Three

- (c) Four
- (d) Five

(xix) Committees encourage responsibility among

- (a) Labours
- (b) Members
- (c) Managers
- (d) Customers

(xx) \_\_\_\_\_ is a feature of planning

- (a) Primary function
- (b) Continuous function
- (c) Pervasive function
- (d) None of the above

(b) Match the following:

[5×1=5]

	Column 'A'		Column 'B'
1.	Strategies	A.	Team work
2.	Father of Modern Management	B.	Esteem Needs
3.	Self Confidence	C.	Henry Fayol
4.	Espirit de corps	D.	Prof. Douglas McGregor
5.	Theory X and Theory Y	E.	Standing Plans

(c) State whether the following statements are True (or) False.

[5×1=5]

- (i) Programmed decisions are of routine and repetitive nature which is to be dealt with according to specific procedure.
- (ii) The distinction between maintenance factors and motivating factors is fixed.
- (iii) The ability to grant or withhold rewards is a key source of power.
- (iv) Planning premises refer to the environment in which the plans are to be implemented.
- (v) Apprenticeship training is best example for Off the Job Training.

**PART B**

Answer any four questions out of six questions:

[4×5=20]

- 9. Describe the steps in organizing process. [5]
- 10. What is meant by staffing? Explain the importance of staffing. [5]
- 11. What are the different sources of power. [5]
- 12. Explain the importance of motivation. [5]
- 13. State the process of decision making. [5]
- 14. Describe the barriers to communication. [5]