

**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) The economic analysis expects the consumer to behave in a manner which is:
 - (a) Rational
 - (b) Irrational
 - (c) Emotional
 - (d) Indifferent
 - (ii) Price theory is an important constituent of _____ economics.
 - (a) Micro
 - (b) Macro
 - (c) Developmental
 - (d) Welfare
 - (iii) Normal goods have:
 - (a) Zero income elasticity
 - (b) Negative income elasticity
 - (c) Fluctuating income elasticity
 - (d) Positive income elasticity
 - (iv) The exception top law of demand are:
 - (a) Veblen goods
 - (b) Giffen goods
 - (c) Both (a) & (b)
 - (d) None
 - (v) Which of the following cost curves is never 'U' shaped?
 - (a) Average cost curve
 - (b) Marginal cost curve
 - (c) Average variable cost curve
 - (d) Average fixed cost curve
 - (vi) Quantity demand is a:
 - (a) Stock concept
 - (b) Flow concept
 - (c) Both (a) & (b)
 - (d) None of the above
 - (vii) Under perfect competition a firm is the _____

- (a) Price maker and not Price taker
 - (b) Price taker and not Price maker
 - (c) Neither price maker nor price taker
 - (d) None of the above
- (viii) Banks not only accepts deposits but also _____savings
- (a) Distribute
 - (b) Mobilise
 - (c) Convert
 - (d) None of the above
- (ix) Commercial banks suffer from:
- (a) Regional imbalance
 - (b) Increasing overdues
 - (c) Lower inefficiency
 - (d) All of the above
- (x) Direct cost is also known as:
- (a) Indirect cost
 - (b) Traceable cost
 - (c) Opportunity cost
 - (d) Accounting cost
- (xi) Which of the following is a part of micro economics?
- (a) Factor pricing
 - (b) National income
 - (c) Balance of payment
 - (d) None
- (xii) Which of the following is a macro concept
- (a) Study of firms
 - (b) Income of individual
 - (c) Study of particulars firms
 - (d) Net national product
- (xiii) Larger production of goods would lead to higher production in future.
- (a) Consumer goods
 - (b) Capital goods
 - (c) Agricultural goods
 - (d) Public goods
- (xiv) Which of these would cause a rightward shift of the PPC curve?
- (a) Improvement in technology
 - (b) Greater capital formation
 - (c) Increase in population
 - (d) All of the above
- (xv) Purchasing power of money falls when

- (a) Price level increases
 - (b) Income level decreases
 - (c) Price level decreases
 - (d) Money supply falls
- (xvi) Agricultural goods markets depict characteristics close to
- (a) Perfect competition
 - (b) Oligopoly
 - (c) Monopoly
 - (d) Monopolistic competition
- (xvii) Identify the fixed cost from the following:
- (a) Labour cost
 - (b) Electricity bill
 - (c) Salary of watchman
 - (d) Cost of raw material
- (xviii) The change in the total product resulting from a change in a variable input is
- (a) Average cost
 - (b) Average product
 - (c) Marginal cost
 - (d) Marginal product
- (xix) A horizontal supply curve parallel to the quantity axis implies that the elasticity of supply is:
- (a) Zero
 - (b) Infinite
 - (c) Equal to one
 - (d) Greater than zero but less than one
- (xx) If the price of orange juice increases, the demand for apple juice will_____.
- (a) Increase
 - (b) Decrease
 - (c) Remain the same
 - (d) Become negative

(b) Match the following:

[5×1=5]

	Column 'A'		Column 'B'
1.	Fixed factory	A.	Income demand
2.	Land	B.	Inelastic demand
3.	Superior goods	C.	Public debt
4.	Durable goods	D.	Fixed factor
5.	Fiscal policy	E.	Short period

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

[5×1=5]

- (i) According to Cambridge equation if 'k' is more the value of money should increase.
- (ii) According to Keynes the rate of interest cannot decide the value of money.
- (iii) RBI issues the one rupee notes and coming.
- (iv) Bank is said to be dealer in debt.
- (v) R.B.I introduced the certificates of deposits in June 1998.

PART B

Answer any four questions out of six questions

[4×5=20]

- 2. State whether the Economics is Science or Art. [5]
- 3. Explain the determinants of supply. [5]
- 4. What are the types of the internal economies? [5]
- 5. What are the pricing strategies under oligopoly market? [5]
- 6. State functions of Money Market. [5]
- 7. What are the essential conditions of sound banking system? [5]

Section – B

PART – A

8. Answer all the questions :

(a) Choose the correct answer:

[20×1=20]

- (i) The term strategy has a ___ origin
 - (a) Military
 - (b) Air force
 - (c) Navy
 - (d) None of the above
- (ii) Operational planning is also known as
 - (a) Corporate
 - (b) Long range
 - (c) Short-range
 - (d) Strategic
- (iii) The problems in communication channels is known as _____.
 - (a) organizational barriers.
 - (b) mechanical barriers.

- (c) personal barriers.
- (d) semantic barriers.

- (iv) Which of the following is not a non-monetary incentive?
 - (a) Promotion
 - (b) Bonus
 - (c) Competition
 - (d) Stability of work

- (v) The leadership theory study leader's behaviour is:
 - (a) Followers theory.
 - (b) Trait theory.
 - (c) Behavioural theory.
 - (d) Managerial grid.

- (vi) The process of co-ordination must begin in the early stages of
 - (a) Control
 - (b) Planning
 - (c) Organising
 - (d) Staffing

- (vii) Presence of ____ subordination inevitably brings chaos and disorder.
 - (a) Dual
 - (b) Single
 - (c) Both (a) and (b)
 - (d) None

- (viii) The decision taken by high level of management is _____.
 - (a) Programmed decision
 - (b) Non-programmed decision
 - (c) Individual decision
 - (d) Non-economic decision

- (ix) A ____ organizational structure is the simplest form and has clear lines of authority and ease of decision making.
 - (a) Horizontal
 - (b) Line
 - (c) Vertical
 - (d) Staff

- (x) Self-confidence, independence, achievements, knowledge, status, recognition and appreciation examples of _____.
 - (a) safety needs.
 - (b) social needs.
 - (c) ego needs.
 - (d) self-actualization needs.

- (xi) Motivation based on force of fear is called_____.
- (a) negative motivation.
 - (b) positive motivation.
 - (c) extrinsic motivation.
 - (d) intrinsic motivation.
- (xii) Responsibility can be assigned to
- (a) Human beings
 - (b) Non-living objects
 - (c) Both (a) and (b)
 - (d) None of the above
- (xiii) ____ is a philosophy of management.
- (a) Delegation
 - (b) Decentralisation
 - (c) Centralisation
 - (d) All of the above
- (xiv) Authority and ____ should be co-extensive.
- (a) Power
 - (b) Responsibility
 - (c) Accountability
 - (d) Command
- (xv) The last, but not least important principle of direction is
- (a) Unity of command
 - (b) Follow up
 - (c) Direct supervision
 - (d) Appropriate Leadership Style
- (xvi) Feedback may be
- (a) Direct
 - (b) Indirect
 - (c) Either (a) or (b)
 - (d) Both (a) and (b)
- (xvii) Informal means of circulating the information is also called as
- (a) Grapevine
 - (b) Verbal
 - (c) Horizontal
 - (d) Written
- (xviii) ____ is vital for determining personnel needs of the organization in future.
- (a) Manpower Planning
 - (b) Recruitment
 - (c) Staffing
 - (d) None of the above

- (xix) Concurrent control is also known as
- (a) Post control
 - (b) Pre-control
 - (c) Real-Time control
 - (d) Feed Forward control
- (xx) Line organization is not suited for _____ type of organization.
- (a) large.
 - (b) small.
 - (c) medium.
 - (d) soft.

(b) Match the following: [5×1=5]

	Column 'A'		Column 'B'
1.	General theory of motivation	A.	Limitation of planning
2.	Placement	B.	Survival needs
3.	Medium	C.	Assigning rank and responsibility
4.	Time consuming	D.	Abraham H. Maslow
5.	Physiological needs	E.	Carrier of the message

- (c) State whether the following statements are True (or) False. [5×1=5]
- (i) Policy decisions are of vital importance and are taken by the middle management.
 - (ii) Leadership continuum was developed by tannenbaum and Schmidt.
 - (iii) Responsibility arises from a superior-subordinate relationship.
 - (iv) Work is natural like rest or play according to theory X.
 - (v) Authority means the power to give orders and to ask for obedience.

PART - B

Answer any four questions out of six questions: [4×5=20]

- 9. Explain the features of planning. [5]
- 10. Define Control. Explain the steps in Control Process. [5]
- 11. What are the disadvantages of decentralization? [5]
- 12. Describe the characteristics of Leadership. [5]
- 13. Explain the different types of decision. [5]
- 14. State the features of coordination. [5]