

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

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Paper – 1 – Fundamentals of Economics and Management

Full Marks: 100

Time allowed: 3 hours

The figures in the margin on the right side indicate full marks.

This question paper has two sections.

Both the sections are to be answered subject to instructions given against each.

Section A (50 marks)

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

[20 × 1 = 20]

- (1) Who defined economics as " science which deals with wealth"
 - (a) J. B. Say
 - (b) A.C. Pigou
 - (c) Alfred Marshall
 - (d) Robbins

- (2) Macro Economics theory deals with.
 - (a) Economy as a whole
 - (b) Individual units
 - (c) Economic growth
 - (d) all the above

- (3) _____ tells us the rate of change in demand.
 - (a) Elasticity of demand
 - (b) Consumption analysis
 - (c) Demand analysis
 - (d) Consumer surplus

- (4) Point elasticity was propounded by
 - (a) Adam Smith
 - (b) Marshall
 - (c) Robbins
 - (d) Keynes

- (5) Scarcity of resources leads to
 - (a) Un-satisfaction of human wants
 - (b) Evaluation of alternative uses of scarce resources
 - (c) Both
 - (d) None

- (6) Ceteris Paribus means
 - (a) Holding demand constant
 - (b) Holding supply constant
 - (c) Price being constant
 - (d) Other thing being constant

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- (7) 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
 - (b) Percentage change in quantity demanded is less than the percentage change in price
 - (c) Percentage change in quantity demanded is equal to the percentage change in price
 - (d) None of the above
- (8) Returns to a variable factor operates in _____
- (a) Short run
 - (b) Long run
 - (c) either 'a' or 'b'
 - (d) neither 'a' nor 'b'
- (9) Select the quantitative credit control method from the following alternatives:
- (a) Moral suasion
 - (b) Open market operations
 - (c) Rationing of credit
 - (d) Licensing of branches
- (10) Which of these will have highly inelastic supply
- (a) Perishable goods
 - (b) Consumer durables goods
 - (c) Item of elite class consumption
 - (d) All the three
- (11) Economic resources are
- (a) Unlimited
 - (b) Limited in supply and use
 - (c) Limited in supply but have alternative uses.
 - (d) Unproductive
- (12) 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% profits on capital employed
- (13) The famous book "An enquiry into the nature and causes of wealth of Nation" was published in-
- (a) 1776
 - (b) 1750
 - (c) 1850
 - (d) 1886

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- (14) Total output is maximum when
 (a) MP = 0
 (b) MP is increasing
 (c) MP is decreasing
 (d) MP is constant
- (15) Law of variable proportion applies.....
 (a) When all inputs are variable
 (b) When all inputs are fixed
 (c) Some inputs are fixed and some are variable
 (d) All the three
- (16) 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
- (17) Implicit cost refers to
 (a) Value of inputs owned by the firm and used in its own manufacturing process.
 (b) Value of input or services purchased from outside and used in its own manufacturing process
 (c) Value of inputs owned by the firm and sold to others
 (d) Value of inputs or services for which no payments were made to outside
- (18) _____ is a qualitative credit control instrument used by the Central Bank.
 (a) Bank Rate Policy
 (b) Moral Suasion
 (c) Open Market Operations
 (d) CCR
- (19) Financial markets are classified into Money Market and _____.
 (a) Bullion Market
 (b) Capital Market
 (c) Stock Market
 (d) National Market
- (20) Which of these is near money?
 (a) Bills of exchange
 (b) Savings Bond
 (c) Gilt edged securities
 (d) All of these

II. Match the following

[5 x 1 = 5]

	Column 'A'		Column 'B'
1	Commercial Banks	A	Other things being constant
2	Durable Goods	B	Adam Smith
3	Ceteris paribus	C	Acceptance of Deposits
4	Creation of Utility	D	Inelastic Demand
5	Father of Economics	E	Production

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

[5 x 1 = 5]

1. In perfect market $AR < MR$
2. Human wants are unlimited.
3. Perfectly Elastic Supply Curve is parallel to "X" axis.
4. According to Fisher – Money is demanded for Transaction purpose.
5. Collateral loans are given by Commercial Banks without security.

IV. Answer any four of the following

[4×5 = 20]

1. State the determinants of demand.
2. Explain "Return to Scale".
3. Explain "Opportunity Cost".
4. Enumerates the features of perfect competition.
5. Explain the function of Central Bank.
6. Explain the measures to improve the Indian Money Market.

Section B (50 marks)

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

[20 × 1 = 20]

- (1) _____ involves the selection of language in which the message is to be given.
 - (a) Medium
 - (b) Decoding
 - (c) Encoding
 - (d) Feed back
- (2) Formal communication is always
 - (a) Written
 - (b) Oral
 - (c) Both „a" and „b"
 - (d) None of the above
- (3) The last, but not least important principle of direction is
 - (a) Unity of command
 - (b) Follow up
 - (c) Direct supervision
 - (d) Appropriate Leadership Style
- (4) Which one is not a barrier to communication?
 - (a) Filtering
 - (b) Emotions
 - (c) Message
 - (d) Language

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- (5) The process of communication starts with _____
- (a) Supervisor
 - (b) Sender
 - (c) Receiver
 - (d) Medium
- (6) _____ is a kin to 'nucleus' of an organization.
- (a) Supervision
 - (b) Planning
 - (c) Direction
 - (d) Organising
- (7) _____ is aimed at maintaining harmony among employees and groups in an organisation
- (a) Direction
 - (b) Supervision
 - (c) Planning
 - (d) Control
- (8) What activity enables the managers to distribute their work load to others?
- (a) Centralisation
 - (b) Decentralisation
 - (c) Delegation of authority
 - (d) None of the above
- (9) Manpower planning is also known as _____
- (a) Human Resource Accounting
 - (b) Human Resource Management
 - (c) Human Resource Planning
 - (d) None of the above
- (10) Delegation helps to improve the job satisfaction, motivation and morale of _____
- (a) Subordinates
 - (b) Superiors
 - (c) Peers
 - (d) None of the above
- (11) _____ skills are related to the maintenance of successful relationship between peers and subordinates.
- (a) Decision making skills
 - (b) Interpersonal skills
 - (c) Operative skills
 - (d) All of the above
- (12) _____ is concerned with providing the organization with the right number of people, at the right place and at the right time so that the organization would be able to achieve its goals effectively.
- (a) Recruitment
 - (b) Staffing
 - (c) Selection
 - (d) Development

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- (13) Concentration of authority at the top level of the organization is known as ____
- (a) Centralisation
 - (b) Decentralisation
 - (c) Delegation of Authority
 - (d) Responsibility
- (14) Control function is closely connected to _____
- (a) Planning
 - (b) Organising
 - (c) Coordination
 - (d) All of the above
- (15) Control system follows the following sequence:
- (a) Establishment of standards – Measurement of actual performance – Comparing the actual performance with standards – Take corrective action.
 - (b) Establishment of standards – Measurement of actual performance – Take corrective action – Comparing the actual performance with standards.
 - (c) Establishment of standards – Comparing the actual performance with standards – Measurement of Actual performance – Take corrective actions – None of the above.
 - (d) None of the above
- (16) Decentralisation suffers from the following limitation.
- (a) Relief to top executive
 - (b) Expensive
 - (c) Quick decision
 - (d) Executive development
- (17) Post control is also known as _____
- (a) Feedback control
 - (b) Concurrent Control
 - (c) Pre-control
 - (d) Fast forward control
- (18) Strategic decisions are made at which level.
- (a) Middle level
 - (b) Lower level
 - (c) Top Level
 - (d) At all levels
- (19) Assignment of duties is meaningless unless adequate authority is given to _____.
- (a) Subordinates
 - (b) Peers
 - (c) Superiors
 - (d) All of the above
- (20) The message to be transmitted through verbal medium may be
- (a) Orders
 - (b) Instructions
 - (c) Reports
 - (d) All of the above

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II. Match the following

[5 x 1 = 5]

	Column 'A'		Column 'B'
1	Break even analysis	A	Recognition and Status
2	Non Financial Rewards	B	Flows downward
3	Delegation of Authority	C	Laissez Fair Leadership
4	Theory X and Theory Y	D	Cost Volume Profit
5	Free-rein	E	Prof. Douglas McGregor

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

[5 x 1 = 5]

1. Directing involves issuing orders to subordinates and supervises how these orders are carried out by them and if necessary, motivate the employees for higher performance.
2. Likert suggested that System 4 is the ideal system towards which organizations should work.
3. Directing involves issuing orders to subordinates and supervises how these orders are carried out by them and if necessary, motivate the employees for higher performance.
4. Responsibility chart is an important technique that can supplement the use of Role Negotiation.
5. Brain Storming is one of the participative techniques.

IV. Answer any four of the following questions

[4×5= 20]

1. Fayol's fourteen Principles of Management
2. Write a note on 'Span of Management'
3. Need hierarchy theory
4. Quantitative Techniques of Decision Making
5. Methods of Training
6. Types of Organisational Communication