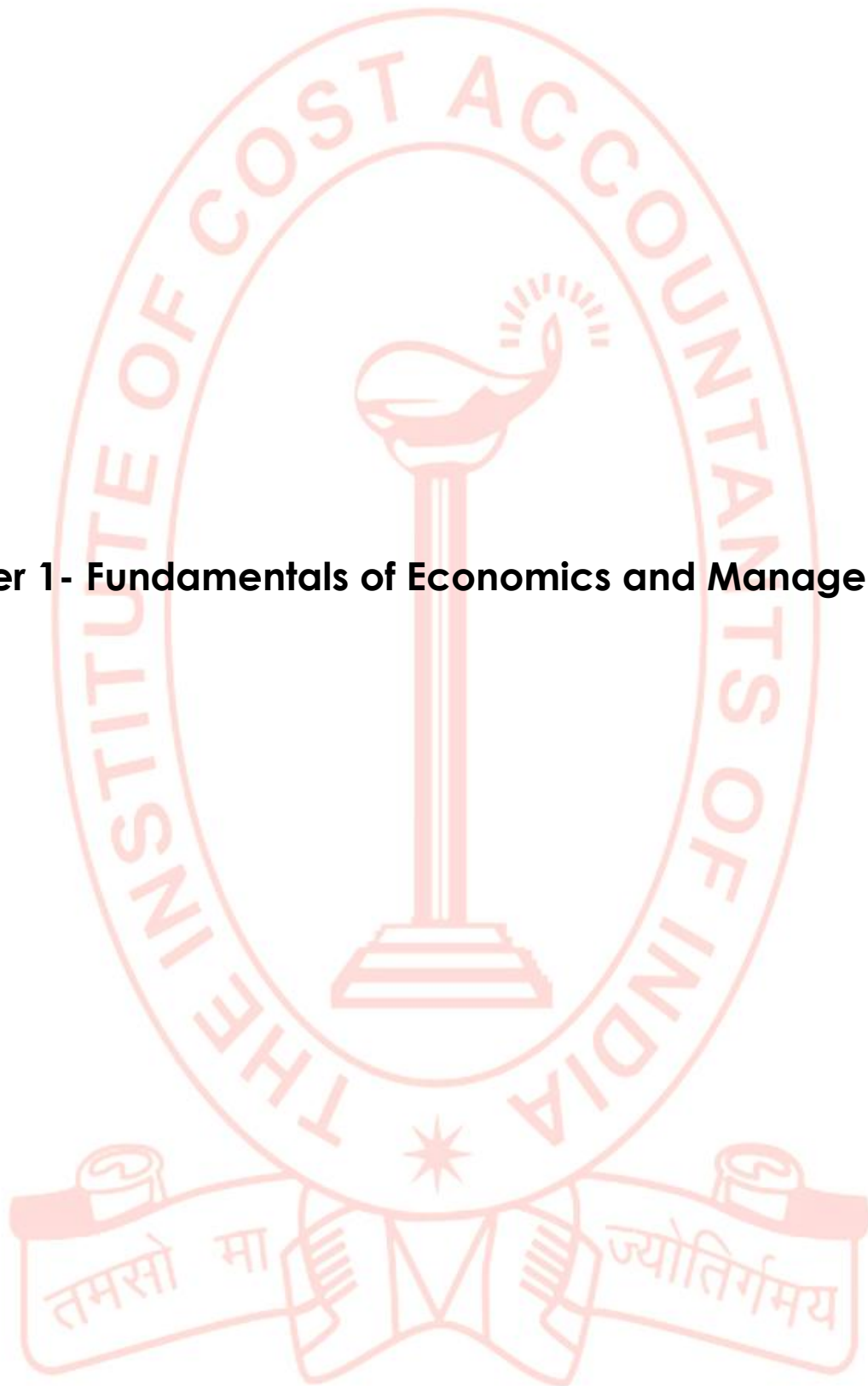


**Paper 1- Fundamentals of Economics and Management**



## 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 : (Fundamentals of Economics)

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

1. The capital that is consumed by an economy or a firm in the production process is known by:
  - A. Capital loss
  - B. Production cost
  - C. Dead-weight loss
  - D. Depreciation
2. Who propounded the opportunity cost theory of International trade?
  - A. Ricardo
  - B. Marshall
  - C. Heckscher & Ohlin
  - D. Haberler
3. If the demand for a good is inelastic, an increase in its price will cause the total expenditure of the consumers of the good to:
  - A. Increase
  - B. Decrease
  - C. Remain the same
  - D. Become zero
4. Which is the first order condition for the profit of a firm be maximum?
  - A.  $AC=MR$
  - B.  $MC=MR$
  - C.  $MR=AR$
  - D.  $AC=AR$
5. Which of the following is one of the assumptions of perfect competition?
  - A. Few buyers and few sellers
  - B. Many buyers and few sellers
  - C. Many buyers and many sellers
  - D. All sellers and buyers are honest

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6. Price and demand are positively correlated in case of
  - A. Normal goods
  - B. Comforts
  - C. Giffen goods
  - D. Luxuries
  
7. When price elasticity of demand for normal goods is calculated, the value is always:
  - A. Positive
  - B. Negative
  - C. Constant
  - D. Greater than 1
  
8. Income elasticity of demand for normal goods is always:
  - A. 1
  - B. Negative
  - C. More than 1
  - D. Positive
  
9. In monopoly, the relationship between average and marginal revenue curves is as follows:
  - A. AR curve lies above the MR curve
  - B. AR curve coincides with the MR curve
  - C. AR curve lies below the MR curve
  - D. AR curve is parallel to the MR curve
  
10. The following is the cost of a clothing manufacturer. State which among them will you consider as fixed cost?
  - A. Cost of cloth
  - B. Piece wages paid to workers
  - C. Depreciation on machines owing to time
  - D. Cost of electricity for running machines
  
11. Positive income elasticity implies that as income rises, demand for the commodity:
  - A. Rises
  - B. Falls
  - C. Remains unchanged
  - D. Becomes Zero
  
12. Which of the following is not a feature of perfect competition?
  - A. Large number of buyers and sellers
  - B. Small number of buyers and sellers
  - C. Free entry and exit
  - D. Goods is homogeneous

13. The most efficient scale of production of a firm is where:
- A. LAC is minimum
  - B. SAC is minimum
  - C. LMC is minimum
  - D. SMC is minimum
14. Economic problems arise because:
- A. Wants are unlimited
  - B. Resources are scarce
  - C. Scarce resources have alternative uses
  - D. All of the above
15. Profits:
- A. Are lower in the long run than in the short run
  - B. Can be negative
  - C. Are less in perfect competition than in monopoly
  - D. All of the above
16. When Marginal Utility is zero, Total Utility is:
- A. Minimum
  - B. Maximum
  - C. Law of return
  - D. None of the above
17. Which of the following is not an input?
- A. Labour
  - B. Entrepreneurship
  - C. Natural resources
  - D. Production
19. Economic Development of a country requires:
- A. Skilled labour
  - B. Diplomacy
  - C. Abundant natural resources
  - D. 'A' and 'C' both
20. Profits are:
- A. Residual payment
  - B. Pre-determined
  - C. Fixed contract
  - D. Always higher than wages



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(II) Match the following:

[1×5=5]

	Column I		Column II
1.	Proportional demand curve	(A)	Advertisements
2.	Interdependence	(B)	Long period
3.	Homogeneous product	(C)	Perfect market
4.	Selling costs	(D)	Monopolistic completion market
5.	AR=MR=P=MC	(E)	oligopoly

(III) True or False:

[1×5=5]

1. In ordinary language demand means desire.
2. Comfort goods have more elastic demand.
3. If there is more increase in demand and less income in supply, then quantity and price rises.
4. Sugar cane is an example of monopolistic completion.
5. Kinky demand curve is the feature of monopoly.

(IV) Answer any four of the following questions:

[4×5=20]

1. State the determinants of Elasticity of Supply.
2. What is money and state its constituents?
3. Explain the difference between Returns to a variable factor and Returns to Scale.
4. What do you mean by Capital and what are the functions of Capital?
5. What do you mean by Oligopoly Market? State in brief the features of Oligopoly Market.

## Section – B : (Management)

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

1. Duty, Authority and Accountability are three fundamental components of:
  - (a) Delegation of authority
  - (b) Power
  - (c) Control
  - (d) Co-ordination
2. Assignment of duties is meaningless unless adequate authority is given to:
  - (a) Subordinates
  - (b) Peers
  - (c) Superiors
  - (d) All of the above
3. Subordinates may not like to accept delegation and shoulder responsibility due to the following:
  - (a) When they lack self-confidence
  - (b) When they are already overburdened with duties
  - (c) When adequate information, working facilities and resources are not available
  - (d) All of the above.
4. Transfer of authority from one individual to another is called as:
  - (a) Delegation
  - (b) Centralisation
  - (c) Decentralisation
  - (d) Communication
5. Leadership process is interplay of three elements:
  - (a) The Leader, the follower and the situation
  - (b) The Leader, the followers and the subordinates
  - (c) The Leader, the followers and the superiors
  - (d) None of the above.
6. According to Likert, ----- system of management is ideal system
  - (a) System 1
  - (b) System 2
  - (c) System 3
  - (d) System 4

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7. Which style is appropriate where subordinates have accepted the goals of the organization?
  - (a) Free-rein Leadership
  - (b) Autocratic Leadership
  - (c) Participative Leadership
  - (d) None of the above
8. The theory -----implies use of 'Carrot and Stick' approach
  - (a) Theory X
  - (b) Theory Y
  - (c) Maslow's need hierarchy Theory
  - (d) Herzberg's Two Factor Theory
9. The system that adopts a paternalistic approach towards the subordinates is:
  - (a) Exploitative Autocratic
  - (b) Benevolent Autocratic
  - (c) Consultative
  - (d) Democratic
10. The term power is often considered as synonymous to-----
  - (a) Responsibility
  - (b) Accountability
  - (c) Authority
  - (d) Control.
11. Responsibility may be defined in terms of:
  - (a) Functions
  - (b) Targets
  - (c) Goals
  - (d) All of the above.
12. The premises over which a firm has no control are known as-----
  - (a) Controllable premises
  - (b) Semi-controllable premises
  - (c) Uncontrollable premises
  - (d) None of the above.
13. The basic assumptions about the environment in which plans are expected to be implemented is known as:
  - (a) Decision making
  - (b) Forecasting
  - (c) Planning premises
  - (d) None of the above.

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14. Which communication is the official message that is communicated by a manager by virtue of his position in the organization structure?
- (a) Formal communication
  - (b) Informal communication
  - (c) Grapevine communication
  - (d) Written communication
15. Effective communication is always:
- (a) Receiver oriented
  - (b) Sender oriented
  - (c) Message oriented
  - (d) None of the above
16. Which of the following methods are employed to make on-the-job training?
- (a) Coaching
  - (b) Job rotation
  - (c) Self-improvement programmes
  - (d) All of the above.
17. The task of ensuring that activities are producing the preset targets or goals is known as-----
- (a) Directing
  - (b) Control
  - (c) Coordination
  - (d) None
18. Vestibule training is considered as a part of-----
- (a) Off-the job training
  - (b) On-the-job training
  - (c) Both (a) and (b)
  - (d) None of the above.
19. The first step in control process is:
- (a) Measurement of actual performance
  - (b) Establishment of standards
  - (c) Taking corrective action
  - (d) Comparing the actual performance with standards.
20. CPC means:
- (a) Critical path control
  - (b) Critical point control
  - (c) Critical point complaint
  - (d) Critical point complex.



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(II) Match the following:

[1×5=5]

	Column I		Column II
1.	Authority	(A)	Ability to do something.
2.	Non Financial Rewards	(B)	Example for Referent Power
3.	Teacher	(C)	Recognition and Status
4.	Mahatma Gandhi	(D)	Right to do something.
5.	Power	(E)	Example for Expert Power

(III) True or False:

[1×5=5]

1. Brain Storming is one of the participative techniques.
2. Policy decisions are of vital importance and are taken by the Middle Management.
3. The final step in decision making process is selection of an alternative.
4. The term power is often considered as synonymous to Responsibility.
5. A superior is always responsible to his subordinate.

(IV) Answer any four of the following questions:

[4×5=20]

1. Explain the importance of Motivation.
2. State the qualities of a successful leader.
3. Explain the differences between Delegation and Decentralisation.
4. State in brief about Management Information System (MIS).
5. State in brief on Planning Premises.