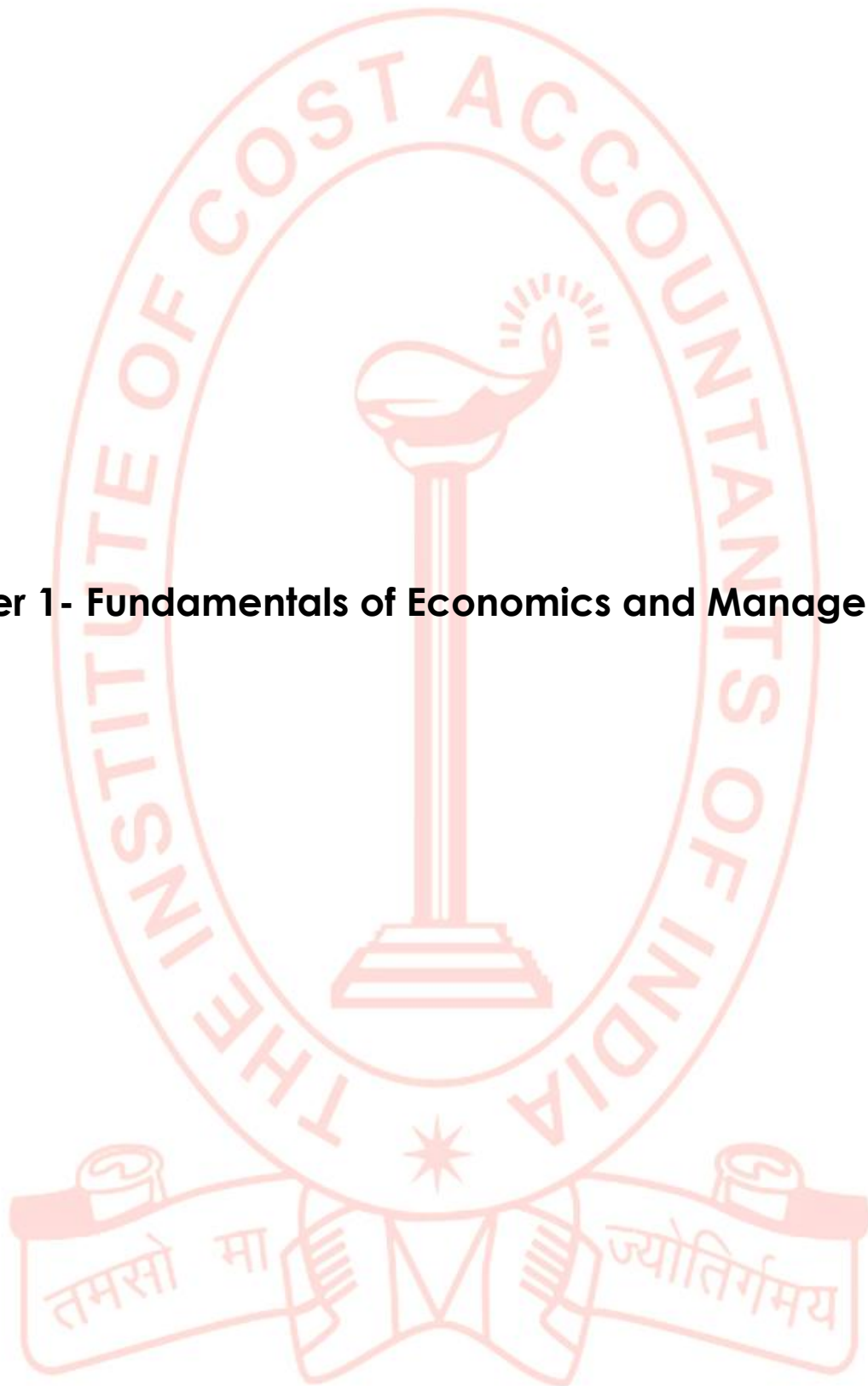


Paper 1- Fundamentals of Economics and Management



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]

- The horizontal demand curve parallel to x-axis implies that the elasticity of demand is:
 - Zero
 - Infinite
 - Equal to one
 - Greater than zero but less than infinity
- The supply of a good refers to:
 - Stock available for sale
 - Total stock in the warehouse
 - Actual Production of the good
 - Quantity of the good offered for sale at a particular price per unit of time
- In the short run, when the output of a firm increases, its average fixed cost:
 - Remains constant
 - Decreases
 - Increases
 - First decreases and then rises
- In which of the following market structure is the degree of control over the price of its product by a firm very large?
 - Imperfect competition
 - Perfect competition
 - Monopoly
 - In A and B both
- Demand for a commodity refers to:
 - Need for the commodity
 - Desire for the commodity
 - Amount of the commodity demanded at a particular price and at a particular time
 - Quantity demanded of that commodity

6. Income elasticity of demand is defined as the responsiveness of:
 - a. Quantity demanded to a change in income
 - b. Quantity demanded to a change in price
 - c. Price to a change in income
 - d. Income to a change in quantity demanded

7. Which one of the following bodies finalizes the Five Year Plan Proposals?
 - a. Planning Commission
 - b. Union Cabinet
 - c. National Development Council
 - d. Ministry of Planning

8. In Economics, production means:
 - a. Farming
 - b. Creating Utility
 - c. Making
 - d. Manufacturing

9. In Economics the 'Utility' and 'Usefulness' have
 - a. Same meaning
 - b. Different meaning
 - c. Opposite meaning
 - d. None of the above

10. Who among the following is not a classical economist?
 - a. John Maynard Keynes
 - b. Thomas Malthus
 - c. John Stuart Mill
 - d. David Ricardo

11. With which form of economy is the term 'Laissez-faire' associated?
 - a. Command economy
 - b. Mixed economy
 - c. Socialist economy
 - d. Capitalist economy

12. Why is the law of diminishing marginal returns true?
 - a. specialization and division of labour
 - b. spreading the average fixed cost
 - c. limited capital
 - d. all factors being variable in the long-run

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13. Skills that can be transferred to other employers are called:
- general skills
 - specific skills
 - non-pecuniary skills
 - all of the above
14. Fiscal policy in India is formulated by
- The Reserve Bank of India
 - The Planning Commission
 - The Finance Ministry
 - The Securities and Exchange board of India
15. Full convertibility of a rupee means
- Purchase of foreign exchange for rupees freely
 - Payment for imports in terms of rupees
 - Repayment of loans in terms of rupees
 - Determination of rate of exchange between rupee and foreign currencies freely by the market forces of demand and supply
16. National income ignores
- Sales of a firm
 - Salary of employees
 - Exports of the IT sector
 - Sale of land
17. Which one among the following is not true for Special Economic Zones?
- No licence is required for import
 - Manufacturing and service activities are allowed
 - No permission for subcontracting
 - No routine examination of cargo for export/import by customs authorities
18. The terms "Micro Economics" and "Macro Economics" were coined by
- Alfred Marshall
 - Ragner Nurkse
 - Ragner Frisch
 - J.M. Keynes
19. Gross Domestic Product is defined as the value of all
- Goods produced in an economy in a year
 - Goods and services produced in an economy in a year
 - Final goods produced in an economy in a year
 - Final goods and services produced in an economy in a year

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20. National income is generated from
- any money making activity
 - any laborious activity
 - any profit-making activity
 - any productive activity

(II) Match the following:

[1×5=5]

	Column I		Column II
1.	Commercial Bank	(A)	Exim Bank
2.	Credit creation	(B)	1982
3.	UTI	(C)	Commercial bank
4.	Foreign trade	(D)	Discounting bills
5.	EXIM Bank	(E)	Small investment

(III) True or False:

[1×5=5]

- The firm under perfect market earns normal profits in short.
- Bank is said to be dealer in debt.
- Fixed deposits are followed by business people.
- CRR cannot control the credit creation.
- Profit is the main motto of central Bank.

(IV) Answer any four of the following questions:

[4×5=20]

- State whether Economics is positive science or normative science.
- Who can be called an Entrepreneur and what are the functions of an Entrepreneur?
- What do you mean by Monopoly Market? State in brief the features of Monopoly Market.
- State with examples about Price determination.
- What do you mean by the term 'Labour'? State the features of Labour.

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Section – B : (Management)

(I) Choose the correct answer from the given four alternatives:

[1×20=20]

1. Control function is closely connected to-----
 - (a) Planning
 - (b) Organising
 - (c) Co-ordination
 - (d) All of the above.
2. Which of the following is not a financial incentive?
 - (a) Pay
 - (b) Allowance
 - (c) Recognition
 - (d) Bonus
3. Oral communication include:
 - (a) Face-to-face talks
 - (b) Formal group discussions
 - (c) Grapevine
 - (d) All of the above
4. The process that involves introduction of a new employee to the enterprise is-----
 - (a) Orientation
 - (b) Placement
 - (c) Staffing
 - (d) None of the above
5. Break even analysis is also called as-----
 - (a) Cost volume profit analysis
 - (b) Ratio analysis
 - (c) Financial analysis
 - (d) None of the above.
6. Concurrent control is also known as:
 - (a) Post control
 - (b) Pre-control
 - (c) Real time control
 - (d) Feed Forward control
7. The first step in the organising process is-----
 - (a) Division of work
 - (b) Grouping the work
 - (c) Identifying the work
 - (d) Establishing formal reporting relationships

8. 'Control by exception' is also known as-----
- (a) Management by objectives
 - (b) Management by exception
 - (c) Critical point control
 - (d) None of the above.
9. Delegation may be:
- (a) Specific or general
 - (b) Written or implied
 - (c) Formal or informal
 - (d) All of the above
10. Which activity enables the managers to distribute their work load to others:
- (a) Centralisation
 - (b) Decentralisation
 - (c) Delegation of authority
 - (d) None of the above
11. Which communication usually passes through written orders, reports and manuals?
- (a) Downward communication
 - (b) Upward communication
 - (c) Lateral communication
 - (d) All of the above.
12. The basic internal sources of recruitment are:
- (a) Transfers
 - (b) Promotions
 - (c) Dependents
 - (d) All of the above
13. T-group training is also known as-----
- (a) Classroom training
 - (b) Apprenticeship training
 - (c) Internship training
 - (d) Sensitivity training
14. External sources of recruitment include:
- (a) Employment exchanges
 - (b) Advertisements
 - (c) Employee walk-ins
 - (d) All of the above

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15. Manpower planning is also known as-----
- (a) Human Resource Accounting
 - (b) Human Resource Management
 - (c) Human Resource Planning
 - (d) None of the above
16. Operational planning is also known as-----
- (a) Corporate
 - (b) Long range
 - (c) Short range
 - (d) Strategic
17. In which approach, top management takes the initiative in formulating major objectives, strategies, policies and derivative plans:
- (a) Top down approach
 - (b) Bottom up approach
 - (c) Composite approach
 - (d) Team approach.
18. Flexibility and pragmatism are two important pre-requisites of success of planning-----
- (a) Strategic
 - (b) Operations
 - (c) Corporate
 - (d) Long range
19. Which is the primary function of management:
- (a) Planning
 - (b) Organizing
 - (c) Directing
 - (d) Controlling
20. Which of the following are called standing plans?
- (a) Policies
 - (b) Procedures
 - (c) Rules
 - (d) All of the above.

(II) **Match the following:**

[1×5=5]

	Column I		Column II
1.	Motive	(A)	System 1 Managers
2.	Benevolent Autocratic	(B)	Urge to do something

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3.	Exploitative Autocratic	(C)	Abraham H. Maslow
4.	Free-rein	(D)	System 2 Managers
5.	General Theory of Motivation	(E)	Laissez Fair Leadership

(III) True or False:

[1×5=5]

1. Autocratic Leadership is also known as Democratic Leadership.
2. Maintenance factors are also known as Hygiene factors.
3. Work is natural like rest or play according to Theory X.
4. Authority means ability to do something.
5. Responsibility arises from a superior- subordinate relationship.

(IV) Answer any four of the following questions:

[4×5=20]

1. State the steps in the process of Delegation.
2. Explain the steps in planning process.
3. State the importance of staffing.
4. What do you mean by Manpower Planning, state in brief?
5. State in brief on Management Audit.