PAPER - 4

FUNDAMENTALS OF BUSINESS ECONOMICS AND MANAGEMENT

Time Allowed: 1 Hour **Full Marks: 100**

Answer all questions. Each question carries 2 marks.

1.	Who was the father of Economics ?		
	(a)	Marshall	O
	(b)	Adam smith	O
	(c)	Robbins	O
	(d)	Keynes	O
2.	________ is the functional relationship between physical inputs (i.e. factors of production), and physical outputs (i.e. quantity of good / service produced)		
	(a)	Input- Output Function	O
	(b)	Demand – Supply Function	O
	(c)	Production Function	O
	(d)	Cost Function	O
3.	Price elasticity demand of product will be more elastic if it __________________.		
	(a)	has no substitutes	O
	(b)	has number of substitutes	O
	(c)	is an item of necessity	O
	(d)	is lifesaving product	O
4.	Any point beyond PPF is __________________		
	(a)	attainable	O
	(b)	unattainable	O
	(c)	both	O
	(d)	none	O
5.	The supply function of a product x is as Sx = 5px+3. Where px stand for price. The quantity supplied corresponding to price of ` 2 will be ________________		
	(a)	18	O
	(b)	13	O
	(c)	15	O
	(d)	23	O

6.	If the Marginal product of labour is below the Average product of Labour, it must be true that _______________		
	(a)	The Marginal product of Labour is negative	O
	(b)	The Marginal Product of Labour is Zero	O
	(c)	The Marginal Product of Labour is falling	O
	(d)	The Average product of Labour is negative	O
7.	In imperfect market, When the seller wants to increase the sales he must reduce the price. When the price is decreased, then the average revenue and marginal revenue are _______________		
	(a)	decreased	O
	(b)	increased	O
	(c)	equal	O
	(d)	No change	O
8.	The M.P curve intersects the A.P curve when the A.P is _______________		
	(a)	minimum	O
	(b)	constant	O
	(c)	maximum.	O
	(d)	M.P becomes positive	O
9.	In the long run price is governed by ______________		
	(a)	Cost of Production	O
	(b)	Demand supply forces	O
	(c)	Marginal utility	O
	(d)	None	O
10.	In the short run if the price is above the average total cost in a monopolistic competitive market, the firm makes :		
	(a)	Profits and new firms join the market	O
	(b)	Profit and bar entry to new firms	O
	(c)	Makes losses and exit the market	O
	(d)	Quick profit and disappears	O
11.	A Monopoly demand curve is :		
	(a)	Same as its average revenue curve	O

	(b)	Same as its supply curve	O
	(c)	Same as marginal cost curve	O
	(d)	None of these	O
12.	Penetration pricing means :		
	(a)	price will reduced after gaining market share	O
	(b)	reduce price when losing market share	O
	(c)	price will be raised later after gaining market share	O
	(d)	None of these	O
13.	When the firm is in the short equilibrium .Here AR < AC so the firm will get ________________		
	(a)	Losses.	O
	(b)	Normal Profits:	O
	(c)	No loss no profit	O
	(d)	None	O
14.	The rate at which the commercial banks borrow from the RBI is called as ____________		
	(a)	REPO	O
	(b)	PLR	O
	(c)	BPLR	O
	(d)	Bank Rate	O
15.	Which of the first order condition for the profit of a firm be maximum?		
	(a)	AC = MR	O
	(b)	MC = MR	O
	(c)	MR = AR	O
	(d)	AC = AR	O
16.	Due to the operation of 'Laws of return to Scale' LAC curve is ________________		
	(a)	Rectangular hyperbola	O
	(b)	U-Shaped	O
	(c)	Parallel to the horizontal axis	O
	(d)	Parallel to the vertical axis	O

17.	"Total input is maximum when ______________ "		
	(a)	MP = 0	O
	(b)	MP is increasing	O
	(c)	MP is decreasing	O
	(d)	MP is constant	O
18.	OPEC is an example of __________________		
	(a)	Perfect competition	O
	(b)	Monopolistic competition	O
	(c)	Monopoly	O
	(d)	Cartel	O
19.	Optional money is a:		
	(a)	Legal tender money	O
	(b)	Non-legal tender money	O
	(c)	Limited legal tender money	O
	(d)	Full bodied money	O
20.	Which is the apex bank for agricultural credit in India?		
	(a)	RBI	O
	(b)	SIDBI	O
	(c)	NABARD	O
	(d)	IDBI	O
21.	EXIM Bank is authorized to raise loan from :		
	(a)	RBI	O
	(b)	Government of India	O
	(c)	International market	O
	(d)	Trading activities	O
22.	RBI was nationalized in:		
	(a)	June 1947	O
	(b)	Jan. 1949	O
	(c)	March 1954	O
	(d)	April 1936	O

23.	In April 1999 the government of India introduced the bills for the period of ____________		
	(a)	91 days	O
	(b)	182 days	O
	(c)	364 days	O
	(d)	None	O
24.	Which are unsecured promissory notes _______________		
	(a)	Commercial paper	O
	(b)	Certificate of deposits	O
	(c)	Treasury bills	O
	(d)	All the above	O
25.	FERA has been replaced by:		
	(a)	FINA	O
	(b)	FEMA	O
	(c)	FENA	O
	(d)	MRTP	O
26.	Manipulation in CRR enables the RBI to _____________		
	(a)	Influence the lending ability of the commercial banks	O
	(b)	Check unemployment growth	O
	(c)	Check poverty	O
	(d)	Increase GDP	O
27.	In call money market funds are borrowed of rent without any security for the period of _______________		
	(a)	one day	O
	(b)	14 days	O
	(c)	a & b	O
	(d)	NONE	O
28.	__________ is a qualitative credit control instrument used by the Central Bank.		
	(a)	Bank Rate Policy	O
	(b)	Moral Suasion	O
	(c)	Open Market Operations	O

	(d)	CCR	O
29.	VUCA is an acronym , first used in :		
	(a)	1984	O
	(b)	1987	O
	(c)	1997	O
	(d)	1992	O
30.	In PESTEL Analysis, government policy, political stability or instability, corruption, foreign trade policy, tax policy, labour law, trade restrictions etc. are related to:		
	(a)	Political factors	O
	(b)	Economic factors	O
	(c)	Environmental factors	O
	(d)	Legal factors	O
31.	The term ‘W’ in SWOT Analysis is :		
	(a)	Wealth	O
	(b)	Wellness	O
	(c)	Waste	O
	(d)	Weakness	O
32.	NPCI has been pivotal to the emergence of the digital payment ecosystem in India. NPCI stands for:		
	(a)	National Payments Corporation of India	O
	(b)	National Public Corporation of India	O
	(c)	National Payments Cell of India	O
	(d)	Nature Public Corporation of India	O
33.	Which of the following is not a component of VUCAFU?		
	(a)	Uncertainty	O
	(b)	Ambiguity	O
	(c)	Clarity	O
	(d)	Volatility	O
34.	The term ‘S’ in PESTEL stands for-		
	(a)	Strength	O

	(b)	Socio-economic	O
	(c)	Sustainability	O
	(d)	None	O
35.	The components of micro business environment are-		
	(a)	Firms and consumers	O
	(b)	Market & competitors	O
	(c)	Organization	O
	(d)	All	O
36.	Vestibule training is considered as a part of:		
	(a)	Off-the-Job training	O
	(b)	On-the-Job Training	O
	(c)	Both (a) and (b)	O
	(d)	None of the above	O
37.	Determination of the job to which an accepted candidate is to be assigned and his assignment to that job is ________________		
	(a)	Placement	O
	(b)	Orientation	O
	(c)	Induction	O
	(d)	None of the above	O
38.	In which approach, top management takes the initiative in formulating major objectives, strategies, policies and derivative plans.		
	(a)	Top down approach	O
	(b)	Bottom up approach	O
	(c)	Composite approach	O
	(d)	Team approach	O
39.	Formal communication is always ________________		
	(a)	Written	O
	(b)	Oral	O
	(c)	Both (a) and (b)	O
	(d)	None of the above	O

40.	ABC analysis is an example of ________________		
	(a)	Critical point control	O
	(b)	Control by exception	O
	(c)	Budgetary Control	O
	(d)	Break Even Analysis	O
41.	Concurrent control is also known as ___________		
	(a)	Post control	O
	(b)	Pre-control	O
	(c)	Real-Time control	O
	(d)	Feed forward control	O
42.	Which of the following are techniques of control?		
	(a)	Budgetary control	O
	(b)	Management Information system	O
	(c)	Management Audit	O
	(d)	All of the above	O
43.	Break even analysis is a technique of both _____________		
	(a)	Planning and co-ordination	O
	(b)	Control and decision making	O
	(c)	Planning and control	O
	(d)	Planning and budgeting	O
44.	Managers are reluctant to delegate authority due to the following reasons.		
	(a)	Lack of confidence in his subordinates	O
	(b)	Afraid of losing his importance	O
	(c)	When they like to dominate the whole show	O
	(d)	All of the above	O
45.	The term 'Cybernetics' was coined by ___________________		
	(a)	Norbert Weiner	O
	(b)	George Terry	O
	(c)	Theo Haimann	O
	(d)	None of the above	O

46.	According to Brown, Self-co-ordination means:		
	(a)	a particular department affects other departments and is in turn affected by them	O
	(b)	a particular department affects every department and is in turn affected by them	O
	(c)	every department affects a particular department.	O
	(d)	none of the above	O
47.	Agency Theory' developed by :		
	(a)	Alchian and Demsetz	O
	(b)	Jensen and Meckling	O
	(c)	Jensen and Fama	O
	(d)	All of the above	O
48.	Training conducted away from the actual work setting is called:		
	(a)	On-the-Job Training	O
	(b)	Off-the-Job training	O
	(c)	Step-by-Step Training	O
	(d)	Job-Instruction Training	O
49.	_____ has emphasized the principle of self-coordination.		
	(a)	Henry Fayol	O
	(b)	George Terry	O
	(c)	Brown	O
	(d)	Peter Drucker	O
50.	Under ABC analysis, control attention is sought to be focused on ____ inventory items which are small in number but large in value.		
	(a)	'A' category	O
	(b)	'B' category	O
	(c)	'C' category	O
	(d)	All of the above	O

FOUNDATION EXAMINATION SET 1

MODEL ANSWERS TERM – DEC 2024

PAPER - 4

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Time Allowed: 1 Hour **Full Marks: 100**

Answer all questions. Each question carries 2 marks.

Answer:

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
b	c	b	b	b	c	a	c	a	a
11.	12.	13.	14.	15.	16.	17.	18.	19.	20.
a	c	a	c	a	b	a	d	b	c
21.	22.	23.	24.	25.	26.	27.	28.	29.	30.
b	d	c	a	b	a	a	b	b	a
31.	32.	33.	34.	35.	36.	37.	38.	39.	40.
d	a	c	b	d	b	a	a	b	a
41.	42.	43.	44.	45.	46.	47.	48.	49.	50.
c	a	c	d	a	a	c	b	c	a