

3. The central problem of how to produce is resolved by:
- (a) Demand and supply of factor inputs
 - (b) Demand and supply of goods
 - (c) Relative prices and availability of factors of production
 - (d) Government intervention.

(1 mark)

Answer:

- (c) Relative prices and availability of factors of production
4. Equilibrium relates to which of these:
- (a) Market condition which oscillate
 - (b) Market state of falling price
 - (c) Market condition of rising price
 - (d) Market conditions which once achieved tends to persist

(1 mark)

Answer:

- (d) Market conditions which once achieved tends to persist
5. If the price of burger rises from ₹12 per piece to ₹20 per piece as a result of which the daily sales decreases from 300 to 200 pieces per day. The price elasticity of demand can be estimated as:

- (a) 0.5
- (b) 0.8
- (c) 0.25
- (d) 2.10

$$\frac{\Delta Q}{\Delta P} \times \frac{P}{Q} = \frac{100}{8} \times \frac{12}{300}$$

(1 mark)

Answer:

- (a) 0.5
6. If the price elasticity of demand for wine is estimated to be -.6, then a 20% increase in price of wine will lead toin quantity demanded of wine at that price:

- (a) 12% increase
- (b) 12% decrease
- (c) 19.6% increase
- (d) 20.6% decrease

(1 mark)

Answer:

- (b) 12% decrease

7. If a dealer is prepared to supply 1000 sets of a 29" Color TV if the price is ₹12,000 per set, however if the price raises to ₹15,000 he is prepared to supply 1,500 pieces. The elasticity of supply of TV set is:

- (a) 1
(c) 0.75
(b) 2
(d) 1.4

(1 mark)

Answer:

- (b) 2

$$\frac{\Delta Q_s}{\Delta P_s} \times \frac{P}{Q_s}$$

8. If two goods are not substitutes at all for one another, the elasticity of substitution will be:

- (a) Infinite
(b) Zero
(c) > 1
(d) < 0

(1 mark)

Answer:

- (b) Zero

9. The demand function of a product x is as $dx = 12 - 2P_x$, where P_x stand for price. The quantity demanded corresponding to price of ₹2 will be _____.

- (a) 8
(b) 6
(c) 5
(d) 10

(1 mark)

Answer:

- (a) 8

10. Market demand curve for a commodity is a:

- (a) Horizontal summation of all the individual demand curve for that product
(b) Summation of demand curve of competitive products
(c) Demand curve of average demand and price of previous six months
(d) Projected demand schedule for next three months.

(1 mark)

Answer:

- (a) Horizontal summation of all the individual demand curve for that product

3

4

11. If supply and demand both shift outward, but demand shifts outward more than supply, the equilibrium price:

- (a) will increase and quantity will increase
- (b) will increase and quantity will decrease
- (c) will decrease and quantity will decrease
- (d) will decrease and quantity will increase

(1 mark)

Answer:

- (a) will increase and quantity will increase

2015 - JUNE

1. Micro economics theory deals with:

- (a) Economics behaviour of individual economic decision making units
- (b) Economy as a whole
- (c) Trade relations
- (d) Economics growth of the society.

(1 mark)

Answer:

- (a) Economics behaviour of individual economic decision making units

2. Economic resources are:

- (a) Unlimited
- (b) Limited in supply and use
- (c) Limited in supply but have alternative uses
- (d) Unproductive.

(1 mark)

Answer:

- (c) Limited in supply but have alternative uses

3. In economic goods includes material things which

- (a) Can be transferred
- (b) Can be exchanged for one another
- (c) Both
- (d) None.

(1 mark)

Answer:

- (c) Both

4. Which of the following is not a central problem of a society?
- (a) What to produce
 - (b) How to produce
 - (c) For whom to produce
 - (d) What to eat.

Answer:

(1 mark)

(d) What to eat.

5. PPF is negative sloped due to:
- (a) Scarcity of production resources
 - (b) Unlimited wants
 - (c) Improvement in technology
 - (d) Increasing opportunity cost.

Answer:

(1 mark)

(a) Scarcity of production resources

6. The _____ price that a customer is willing to pay for a given quantity is called demand price.

- (a) Maximum
- (b) Minimum
- (c) Bargained
- (d) Floor

(1 mark)

Answer:

(a) Maximum

7. Goods or Services that are necessary for living are:

- (a) Needs
- (b) Desires
- (c) Wants
- (d) Essentials.

(1 mark)

Answer:

(a) Needs

8. If the price of burger rises from ₹ 12 per piece to ₹ 20 per piece as a result of which the daily sales decreases from 300 to 200 pieces per day. The price elasticity of demand can be estimated as.

- (a) 0.5
- (b) 0.8
- (c) 0.25
- (d) 2.10.

(1 mark)

Answer:

(a) 0.5

9. Point elasticity concept was propounded by:

- (a) Marshal (b) Lipsey
(c) Hicks (d) Samulson.

(1 mark)

Answer:

- (a) Marshal

10. If the cross price elasticity of demand for two product is negative, then the two products are:

- (a) Complementary to each other
(b) Perfectly substitute for each other
(c) Completely competitive
(d) Unrelated.

(1 mark)

Answer:

- (a) Complementary to each other

11. Goods which are not perfect substitute of each other but have to be consumed in a fixed ratio will have rate of substitution:

- (a) Unity
(b) Less than 1
(c) More than 1
(d) Zero.

(1 mark)

Answer:

- (d) Zero.

12. If prices of petrol rises from ₹ 40 to ₹ 48 per lit. The demand for cars falls from 60 per month to 45 per month, the cross elasticity of petrol and car is:

- (a) 1.5
(c) 1.0

- (b) 1.25
(d) 1.59.

$$\frac{\Delta Q}{\Delta P} \times \frac{P}{Q}$$

(1 mark)

Answer:

- (b) 1.25

13. If the disposal income of a household increases by 10% and the demand for bread falls by 5%. The income elasticity of bread is:

- (a) 0.5
(c) 1.0

- (b) -0.5
(d) -1.0.

(1 mark)

Answer:

- (b) -0.5

14. The minimum price that a supplier expect to make available a specific quantity for sale is called:
- (a) Demand price
 - (b) Administered price
 - (c) Cost price
 - (d) Supply price.

(1 mark)

Answer:

15. Shift in Demand curve or change in demand curve occurs due to:
- (a) Increases in price
 - (b) Decrease in cost of production
 - (c) Change in ceteris paribus conditions
 - (d) All the three.

(1 mark)

Answer:

16. The Supply function of a product is as $S_x = 5p_x + 3$. Where p_x stand for price. The quantity supplied corresponding to price of ₹ 2 will be

.....

- (a) 18
- (b) 13
- (c) 15
- (d) 23.

(1 mark)

Answer:

- (b) 13

17. The quantity of a commodity which an individual is willing to purchase over a specific period of time is a function of:
- (a) Price of the product
 - (b) Disposal income
 - (c) Taste and price of other commodities
 - (d) All the three.

(1 mark)

Answer:

- (d) All the three.

18. The price of Ford Automobiles increases and the price of Chevrolets remains constant, the demand for Chevrolets will:

- (a) Increase
- (b) Decrease
- (c) Decrease then increase
- (d) Increase then decrease.

(1 mark)

Answer:

- (a) Increase

2015 - SEPTEMBER

1. Which of the following is a central problem of every economy.

- (a) Abundance of resources
- (b) Scarcity of economic resources
- (c) Poverty
- (d) Moral and ethical

(1 mark)

Answer:

- (c) Poverty

2. Who defined economics as "Science which deals with wealth?"

- (a) J. B. Say
- (b) A. C. Pigou
- (c) Alferd Marshall
- (d) Robbins.

(1 mark)

Answer:

- (a) J. B. Say

3. Human wants are:

- (a) Unsatisfiable
- (b) Unlimited
- (c) Undefined
- (d) Limited

(1 mark)

Answer:

- (b) Unlimited

4. Goods or services that are necessary for living are:
(a) Needs (b) Desires
(c) Wants (d) Essentials (1 mark)
- Answer:**
(a) Needs
5. If the price of burger rises from ₹ 12 per piece to ₹ 20 per piece as a result of which the daily sales decrease from 300 to 200 pieces per day. The price elasticity is:
(a) 0.5 (b) 0.8
(c) 0.25 (d) 2.10 (1 mark)
- Answer:**
(a) 0.5
6. If the price of coffee falls by 8% and the demand for tea declines by 2%. The cross price elasticity of demand for tea is:
(a) 0.45 (b) 0.25
(c) + 0.44 (d) - 0.30 (1 mark)
- Answer:**
(a) 0.45
7. A supply curve parallel to X axis means the product supply is:
(a) Limited
(b) Unlimited
(c) Not available
(d) None (1 mark)
- Answer:**
(b) Unlimited
8. The quantity of a commodity that an individual is willing to purchase over a specified period of time is a function of expect:
(a) Price of the commodity
(b) Price of the competitive products
(c) His disposal income
(d) Price of factor of production (1 mark)
- Answer:**
(b) Price of the competitive products

2015 - DECEMBER

1. In a mixed economy which sector(s) is are found:
(a) Private only
(b) Public sector only
(c) None
(d) Both (a) & (b)
Answer: (d) Both (a) & (b) (1 mark)
2. The Terms Micro economics and Macro economics were coined by:
(a) Professor A Samulson
(b) Griffen
(c) Professor, Ranger Frish
(d) Eagle
Answer: (c) Professor, Ranger Frish (1 mark)
3. The famous book "An enquiry into the nature and Courses of wealth of nation" was published in:
(a) 1776
(b) 1750
(c) 1850
(d) 1886
Answer: (a) 1776 (1 mark)
4. Point elasticity of demand is not affected by:
(a) Nature of the Commodity
(b) Availability of close substitute
(c) GDP of country
(d) Consumption Habits
Answer: (c) GDP of country (1 mark)
5. If two goods are perfect substitutes for one another the elasticity of substitution will be:
(a) Infinite
(b) Zero
(c) >1
(d) <0
Answer: (a) Infinite (1 mark)

6. Increase in price of a product reduces the purchasing power as a result of which demand for Tea is:

- (a) 0.45
- (b) 0.25
- (c) + 0.44
- (d) - 0.30

(1 mark)

Answer:

- (a) 0.45

7. Increase in price of a product reduces the purchasing power as a result of which demand for a product goes up. This effect is known as:

- (a) Substitution effect
- (b) Income effect
- (c) Not available
- (d) Law of diminishing returns

(1 mark)

Answer:

- (b) Income effect

8. If price of Chaco bar decrease we expect.

- (a) The quantity demanded to increase
- (b) Quantity demanded to decrease
- (c) Demand Curve to shift left
- (d) No change in quantity demand.

(1 mark)

Answer:

- (c) Demand Curve to shift left

9. If demand of a product decreases and supply remains constant equilibrium price will be:

- (a) Constant
- (b) Move downward
- (c) Move upward
- (d) No effect

(1 mark)

Answer:

- (b) Move downward

2016 - MARCH

1. Which event will shift the butter/guns production possibilities frontier outward?
- (a) an increase in the production of guns
 (b) a reduction in the production of butter
 (c) a new and superior method of producing butter
 (d) a decrease in the resources devoted to the production of investment goods. **(1 mark)**

Answer:

(c) a new and superior method of producing butter

2. The price of good X is ₹ 1.50 and that of good Y is ₹ 1. If a particular consumer's marginal utility for Y is 30 and he is currently maximizing his total utility, then his marginal utility of X must be:
- (a) 30 units
 (b) 45 units
 (c) 15 units
 (d) 20 units **(1 mark)**

$$\frac{1.5}{1} \times 30$$

Answer:

(b) 45 units

3. Economics cannot be given the status of science because:
- (a) of non-uniformity of opinion and approach of economist
 (b) economic behaviour of human being is unpredictable
 (c) measuring rod of money is unstable
 (d) all of these. **(1 mark)**

Answer:

(d) all of these.

4. Suppose the price of a certain good fell from ₹ 1 to ₹ 1.50 and the quantity demanded increased from 250 to 750 units. Over this range of the demand curve the elasticity of demand is:
- (a) 1
 (b) 0.75
 (c) 1.5
 (d) 1.2 **(1 mark)**

Answer:

(c) 1.5

5. The cross elasticity of complementary goods is generally:

(a) > 1

(c) < 0

Answer:

(c) < 0

(b) < 1

(d) $= 0$

(1 mark)

2016 - JUNE

1. Micro economics theory deals with:

(a) Economics behaviour of individual economics decision making units

(b) Economy as a whole

(c) Trade relations

(d) Economics growth of the society

(1 mark)

Answer:

(a) Economics behaviour of individual economics decision making units

2. Human wants are _____.

(a) Unsatisfiable

(b) Unlimited

(c) Under fined

(d) Limited

(1 mark)

Answer:

(b) Unlimited

3. Who defined by economics as "Science which deals with wealth".

(a) J. B Say

(b) A C Pigou

(c) Alfred Marshall

(d) Robbins

(1 mark)

Answer:

(a) J. B Say

4. In economics goods includes material thing with _____.

(a) Can be transferred

(b) Can be exchanged for one another

(c) Both

(d) None

(1 mark)

Answer:

(c) Both

5. The terms "micro" is derived from the _____ word which means ____.
- (a) Latin, Small
 - (b) Greek, Small
 - (c) English, Tiny
 - (d) Roman, Small
- (1 mark)

Answer:

(b) Greek, Small

6. Which of the following issue relates to micro-economic:
- (a) Impact of crude price hike on inflation
 - (b) Impact of change in bank rate on bank saving and investment
 - (c) Impact of information technology on economics growth
 - (d) Impact of shortage of wheat production on wheat prices
- (1 mark)

Answer:

(d) Impact of shortage of wheat production on wheat prices

7. Production possibility curves show maximum combinations of _____ products.
- (a) 1
 - (b) 2
 - (c) 3
 - (d) 4
- (1 mark)

Answer:

(b) 2

8. Market equilibrium of a commodity is determined by:
- (a) Balancing of demand and supply position
 - (b) Aggregate demand
 - (c) Aggregate supply
 - (d) Government intervention
- (1 mark)

Answer:

(b) Aggregate demand

9. Point elasticity concept was propounded by _____.

- (a) Marshal
- (b) Lipsey
- (c) Hicks
- (d) Samulson

(1 mark)

Answer:

(a) Marshal

10. Luxury goods have _____ degree of elasticity.

- (a) High
- (b) Low
- (c) Moderate
- (d) Completely inelastic

(1 mark)

Answer:

- (a) High

11. Which of the following is not factor is market supply of product _____.

- (a) Cost of productions
- (b) Numbers of buyers
- (c) Market price of the product
- (d) Price of related products

(1 mark)

Answer:

- (b) Numbers of buyers

12. If the price of coffee falls by 8% and demand for tea declines by 2%. The cross price elasticity of demands for tea is:

- (a) 0.45
- (b) 0.25
- (c) + 0.44
- (d) - 0.30

(1 mark)

Answer:

- (b) 0.25

13. A supply curve passing through the origin will have elasticity _____.

- (a) Less than - 1
- (b) More than - 1
- (c) Just one
- (d) Zero

(1 mark)

Answer:

- (c) Just one

14. Cross elasticity of complementary products will be _____.

- (a) Infinite
- (b) Zero
- (c) >1
- (d) < Zero

(1 mark)

Answer:

- (d) < Zero

15. The maximum price that a supplier expect the make available a specific quantity for sale is called _____.

- (a) Demand price
- (b) Administered price
- (c) Cost price
- (d) Supply price

(1 mark)

Answer:

(d) Supply price

16. Under law of supply, ceteris paribus is:

- (a) Cost of production
- (b) Production technology
- (c) None
- (d) Both

(1 mark)

Answer:

(d) Both

2016 - DECEMBER

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

(i) _____ defined "Economics as a science which inquired into the nature and cause of wealth of Nations".

- (a) Adam Smith
- (b) Alfred Marshall
- (c) Robbins
- (d) Paul. A. Samuelson

(1 mark)

Answer:

(a) Adam Smith

(ii) _____ changed the name of the subject from political economy to Economics.

- (a) Adam Smith
- (b) Alfred Marshall
- (c) Robbins
- (d) Paul. A. Samuelson

(1 mark)

Answer:

(b) Alfred Marshall

(iii) _____ tells us the rate of change in demand.

- (a) Elasticity of demand
- (b) Consumption analysis
- (c) Demand analysis
- (d) Consumer surplus

Answer:

(1 mark)

- (a) Elasticity of demand

2017 - JUNE

1. (a) Choose the correct answer from the given four alternatives.

(i) Wealth was defined by:

- (a) Alfred Marshall
- (b) Adam Smith
- (c) Robbins
- (d) Jacob

(1 mark)

Answer:

- (b) Adam Smith

(ii) Income minus Savings is equal to _____.

- (a) Consumption
- (b) Production
- (c) Investment
- (d) Demand

(1 mark)

Answer:

- (a) Consumption

(iii) _____ means the desire backed by the necessary purchasing power.

- (a) Consumption
- (b) Production
- (c) Investment
- (d) Demand

(1 mark)

Answer:

- (d) Demand

(iv) If the proportionate change in the supply is equal to the proportionate change in price, it is said to be _____ supply.

- (a) Unitary Elastic
- (b) Perfectly Inelastic
- (c) Perfectly Elastic
- (d) Relatively Inelastic

(1 mark)

Answer:

- (a) Unitary Elastic

(v) Production creates _____ utility.

- (a) Place
- (b) Time
- (c) Form
- (d) Possession

(1 mark)

Answer:

- (c) Form

2017 - DECEMBER

1. (a) Choose the correct answer from the given four alternatives.

(i) _____ is the father of Economics.

- (a) Adam Smith
- (b) Alfred Marshall
- (c) Lionel Robbins
- (d) J. R. Hicks

(1 mark)

Answer:

- (a) Adam Smith

(ii) _____ is an act to use the goods or service to satisfy the wants.

- (a) Production
- (b) Consumption
- (c) Savings
- (d) Distribution

(1 mark)

Answer:

- (b) Consumption

(iii) The Law of Diminishing Marginal utility was developed by _____.

- (a) Stanley Jevons
- (b) Alfred Marshall
- (c) Adam Smith
- (d) J. R. Hicks

(1 mark)

Answer:

- (b) Alfred Marshall

(iv) _____ demand is also known as Direct Demand.

- (a) Derived
- (b) Autonomous
- (c) Individual
- (d) Consumption

(1 mark)

Answer:

- (c) Individual

(v) Total Outlay Method of measuring Elasticity of Demand was introduced by _____.

- (a) Stanley Jevons
- (b) Alfred Marshall
- (c) Adam Smith
- (d) J. R. Hicks

(1 mark)

Answer:

- (b) Alfred Marshall

(vi) When two or more different goods are produced together by a single firm, it is called as _____ supply.

- (a) joint
- (b) composite
- (c) excess
- (d) short

(1 mark)

Answer:

- (a) joint

2018 - JUNE

1. (a) Choose the correct answer from the given four alternatives.

(i) The 'Welfare definitions' of Economics was introduced by _____

- (a) Adam Smith
- (b) Alfred Marshall
- (c) Lioned Robbins
- (d) J.R. Hicks

(1 mark)

Answer:

(b) Alfred Marshall

(ii) Micro-economics deals with the _____.

- (a) economics behaviour of the individual
- (b) economy as a whole
- (c) trade relations
- (d) economic growth of the society

(1 mark)

Answer:

(a) economics behaviour of the individual

(iii) Point Elasticity was propounded by _____.

- (a) Alfred Marshall
- (b) Adam Smith
- (c) Lioned Robbins
- (d) Jacob Viner

(1 mark)

Answer:

(a) Alfred Marshall

(iv) If the proportionate change in the supply is equal to the proportionate change in the price, it is said to be _____ supply.

- (a) unitary elastic
- (b) perfectly inelastic
- (c) perfectly elastic
- (d) relatively inelastic

(1 mark)

Answer:

(a) unitary elastic

2018 - DECEMBER

1. (a) Choose the correct answer from the given four alternatives.
(i) _____ defined economics as a science which deals with wealth.

- (a) J. B. Say
- (b) A. C. Pigou
- (c) Alfred Marshall
- (d) Lionel Robbins

Answer:

(1 mark)

- (a) J. B. Say

(ii) _____ goods are known as scarce goods.

- (a) Economic
- (b) Durable
- (c) Free
- (d) Consumer

Answer:

(1 mark)

- (a) Economic

(iii) _____ is the first Law of Consumption.

- (a) The Law of Diminishing Marginal Utility
- (b) The Law of Demand
- (c) The Law of Increasing Returns
- (d) All of the above

Answer:

(1 mark)

- (a) The Law of Diminishing Marginal Utility

(iv) When two or more different goods are produced together by a single firm, it is called as _____ supply.

- (a) joint
- (b) composite
- (c) excess
- (d) short

Answer:

(1 mark)

- (a) joint

(viii) The supply curve always slopes _____.

- (a) upwards
 (b) downwards
 (c) both (a) and (b)
 (d) neither (a) nor (b)

(1 mark)

Answer:

(a) upwards

(xiv) When the price of a complementary product falls, the demand for the other product will _____.

- (a) fall
 (b) increase
 (c) remain stable
 (d) drop by 25 per cent.

(1 mark)

Answer:

(b) increase

2019 - JUNE

1. (a) Choose the correct answer from amongst the four alternatives given (You may write only the Roman numeral and Alphabet chosen for your answer):

(i) The Growth definition of Economics was introduced by:

- (a) J.M. Keynes and P.A. Samuelson
 (b) Adam Smith
 (c) Alfred Marshall
 (d) Lionel Robbins

(1 mark)

Answer:

(a) J.M. Keynes and P.A. Samuelson

(ii) According to the Law of Demand, demand varies _____ with price.

- (a) directly
 (b) indirectly
 (c) proportionately
 (d) inversely

(1 mark)

Answer:

(d) inversely

(iii) When excess demand occurs in an unregulated market, there is a tendency for:

- (a) price to rise
- (b) quantity supplied to decrease
- (c) quantity demanded to increase
- (d) price to fall

(1 mark)

Answer:

- (d) price to fall

(iv) In the case of inferior goods, the consumer:

- (a) purchases less with increase in income
- (b) purchases less with decrease in price
- (c) purchases more with increase in income
- (d) purchases more with decrease in price.

(1 mark)

Answer:

- (a) purchases less with increase in income

2019 - DECEMBER

1. (a) Choose the correct answer from the given four alternatives.

(i) The subject matter of economics is distributed into _____ parts.

- (a) two
- (b) three
- (c) four
- (d) five

(1 mark)

Answer:

- (a) two

(ii) The concept of 'Consumer Surplus' was introduced in Economics by:

- (a) Prof. Robbins.
- (b) Prof. Samuelson.
- (c) Prof. Smith.
- (d) Prof. Marshall.

(1 mark)

Answer:

- (d) Prof. Marshall.

2. The production Possibility Curve (PPC) shows:

- (a) The various combinations of two commodities is that can be produced by an economy
 - (b) The maximum production of goods
 - (c) Both (a) and (b)
 - (d) None of the above
- (1 mark)**

Answer:

(a) The various combinations of two commodities is that can be produced by an economy

3. When total utility becomes maximum, then marginal utility is:

- (a) Maximum
 - (b) Negative
 - (c) Minimum
 - (d) Zero
- (1 mark)**

Answer:

(d) Zero

4. Price Elasticity of Demand for a product is more elastic if it

- (a) Has no close substitute
 - (b) Has more number of substitutes
 - (c) Is a highly essential product
 - (d) Is an item of necessity
- (1 mark)**

Answer:

(b) Has more number of substitutes

5. If the Price Elasticity of Demand is equal to one, the demand curve is

- (a) Positively sloped Straight Line
 - (b) Rectangular Hyperbola
 - (c) Parallel to the Vertical Axis
 - (d) Perpendicular to the vertical Axis
- (1 mark)**

Answer:

(b) Rectangular Hyperbola

6. In case of a perfectly elastic demand curve, the value of elasticity will be:

- (a) $E_d = 1$
 - (b) $E_d = 0$
 - (c) $E_d = \infty$
 - (d) $E_d > 1$
- (1 mark)**

Answer:

(c) $E_d = \infty$

2023 - JUNE

1. The nature of the PPF curve is:

- (a) concave to the origin
- (b) convex to the origin
- (c) Both (a) and (b)
- (d) None of the above

(2 marks)

Answer:

- (a) concave to the origin

2. Which one of the following will have highly inelastic supply?

- (a) Consumer durable goods
- (b) Perishable goods
- (c) Items of elite class consumption
- (d) all of the above

(2 marks)

Answer:

- (b) Perishable goods

3. Microeconomics deals with:

- (a) economic growth
- (b) individual units
- (c) economy as a whole
- (d) All of the above

(2 marks)

Answer:

- (b) individual units

4. Price Elasticity of Demand of a product will be more elastic, if it:

- (a) is an item of necessity.
- (b) has no substitutes.
- (c) is a life-saving product.
- (d) has a number of substitutes.

(2 marks)

Answer:

- (d) has a number of substitutes.

2023 - DECEMBER

1. Human wants are _____.

- (a) unlimited
- (b) undefined
- (c) limited
- (d) none of the above

(2 marks)

Answer:

- (a) unlimited

2. If an economy is working at the point to the left of the PPF curve, that indicates _____.

- (a) excess production
- (b) unemployment
- (c) full employment
- (d) none of the above

(2 marks)

Answer:

- (b) unemployment

3. Luxury goods have _____ degree of elasticity.

- (a) moderate
- (b) low
- (c) high
- (d) none of the above

(2 marks)

Answer:

- (c) high

4. Which one of the following is not a factor in the market supply of a product?

- (a) Number of buyers
- (b) Price of related products
- (c) Cost of production
- (d) Market price of the product

(2 marks)

Answer:

- (a) Number of buyers.

2024 - JUNE

1. Welfare definition of economics was given by_____.

- (a) Alfred Marshall
- (b) Adam Smith
- (c) Robbins
- (d) Jacob Viner

Answer:

- (a) Alfred Marshall

2. Which is not a characteristic of human wants?

- (a) Wants are satiable.
- (b) Wants are limited.
- (c) Wants are recurring.
- (d) Wants are competitive.

Answer:

- (b) Wants are limited.

3. _____ elasticity refers to demand for a commodity in relationship with the price of a close substitute.

- (a) Cross
- (b) Income
- (c) Price
- (d) Unitary

Answer:

- (a) Cross

4. Market potential is also known as _____ demand.

- (a) market
- (b) potential
- (c) sales
- (d) industry

Answer:

- (b) potential

(2 marks)

(2 marks)

(2 marks)

(2 marks)

2024 - DECEMBER

1. _____ is the father of Economics.

- (a) Adam Smith
- (b) Alfred Marshall
- (c) Lionel Robbins
- (d) J. R. Hicks

(2 marks)**Answer:**

(a) Adam Smith

2. According to Economics, means are _____.

- (a) endless
 - (b) abundant
 - (c) limited
 - (d) unlimited
- resources*

(2 marks)**Answer:**

(c) limited

3. A piece of wood becomes a table. It is an example for _____ utility.

- (a) Time
- (b) Place
- (c) Possession
- (d) Form

(2 marks)**Answer:**

(d) Form

4. _____ occurs when the price that consumers pay for a product or service is less than the price they are willing to pay.

- (a) Consumer Surplus
- (b) Total Utility
- (c) Marginal Utility
- (d) Market Price

(2 marks)**Answer:**

(a) Consumer Surplus

5. Disguis
unorga

- (a) A
- (b) In
- (c) In
- (d) S

Ans

(a) A

6. Whic
prod

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- (b) M
- (c) I
- (d) J

Ans

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7. Wh

- (a)
- (b)
- (c)
- (d)

An

(a)

8. In

- (a)
- (b)
- (c)
- (d)

An

(b)

5. Disguised unemployment is primarily traced in the _____ and unorganized sectors of the economy.

- (a) Agricultural sector
- (b) Industrial sector
- (c) Information Technology sector
- (d) Service sector

(2 marks)

Answer:

- (a) Agricultural sector

6. Which one of the following is not a factor in the market supply of a product?

- (a) Cost of production
- (b) Number of buyers
- (c) Market price of the product
- (d) Price of related products

(2 marks)

Answer:

- (b) Number of buyers

7. Which of these will have highly inelastic supply?

- (a) Perishable goods
- (b) Consumer durable goods
- (c) Items of elite class consumption
- (d) All of the above

(2 marks)

Answer:

- (a) Perishable goods

8. In the short-run, price is governed by _____.

- (a) cost of production
- (b) demand and supply forces
- (c) marginal utility
- (d) consumer surplus

(2 marks)

Answer:

- (b) demand and supply forces

34

3. The demand for a product is 25 units when the price is ₹10, however the demand rises to 26 when the price is reduced to ₹9.9 per unit. The marginal revenue from production and sale of additional unit from 25 to 26 is:

(a) ₹ 7.4

(b) ₹ (16)

(c) ₹ 10

(d) ₹ 257.6

(1 mark)

Answer:

(a) ₹ 7.4

2015 - JUNE

1. Total output is maximum when:

 (a) $MP = 0$

(b) MP is increasing

(c) MP is decreasing

(d) MP is constant.

(1 mark)

Answer:(a) $MP = 0$

2. Which of the following statement is true about average cost function?

(a) $ATC = AFC - AVC$ (b) $AVC = AFC + ATC$ (c) $AFC = ATC + AVC$ (d) $ATC = AFC + AVC$.

(1 mark)

Answer:(d) $ATC = AFC + AVC$.

3. Which of these curve never touch X-axis?

(a) AVC

 (b) AFC

(c) TC

(d) MC.

(1 mark)

Answer:

(b) AFC

2015 - SEPTEMBER

1. Quasi rent is:
- (a) Greater than firm's total profit
 - (b) Equal to firm's total profit
 - (c) Less than firm's total profit
 - (d) It is not related to firm's total profit.

(1 mark)

Answer:

- (b) Equal to firm's total profit
2. Which of the following statement is true about average cost function:
- (a) $ATC = AFC \cdot ATC$
 - (b) $AVC = AFC + ATC$
 - (c) $ATC = AFC + AVC$
 - (d) $AFC = ATC + AVC$

(1 mark)

Answer:

- (a) $ATC = AFC - ATC$
3. The slope of total variable costs curve equals.
- (a) AVC
 - (b) MC
 - (c) AC
 - (d) MPP

(1 mark)

Answer:

- (b) MC
4. In economics, in the long run all the cost _____.
- (a) Are Fixed
 - (b) Are Variable
 - (c) Except labour are variable
 - (d) Are non controllable

(1 mark)

Answer:

- (b) Are Variable

2015 - DECEMBER

1. TVC curve begins to _____ with the onset of diminishing returns:

- (a) Rise at on increasing rate
- (b) Rise at on decreasing rate
- (c) Fall at on increasing rate
- (d) Stabilize

(1 mark)

Answer:

- (a) Rise at on increasing rate

2. Marginal Cost Curve is:

- (a) Positively sloped
- (b) Negatively sloped
- (c) Parallel to X axis
- (d) Parallel to Y axis

(1 mark)

Answer:

- (a) Positively sloped

3. Which statement is a true statement?

- (a) $C = f(y)$
- (b) $C = f(x)$
- (c) $C = f(d)$
- (d) $C = f(R)$

(1 mark)

Answer:

- (a) $C = f(y)$

2016 - MARCH

1. A driver wishes to buy gasoline and have his car washed. He finds that the market price of gasoline is ₹ 1.08 and that the wash costs ₹ 1.00 when he buys 19 gallons but that if he buys 20 gallons, the car wash is free. The marginal cost of the twentieth gallon is:

- (a) ₹ 1.00
- (b) Zero
- (c) 8 paise
- (d) ₹ 1.08

(1 mark)

Answer:

- (c) 8 paise

2. The factors which cause economies and diseconomies of scale help explain:

- (a) why the firm's long-run average total cost curve is U shaped
- (b) the profit maximizing level of production
- (c) the distinction between fixed and variable costs
- (d) why the firm's short-run marginal cost curve cuts the short-run average variable cost curve at its minimum point.

(1 mark)

Answer:

- (a) why the firm's long-run average total cost curve is U shaped

2016 - JUNE

1. When a firm enters the law of diminishing returns to scale:

- (a) TVC Curve begins to fall at a decreasing rate
- (b) TVC Curve begins to fall at an increasing rate
- (c) TVC Curve begins to increase at an increasing rate
- (d) TVC Curve begins to increase at a decreasing rate.

(1 mark)

Answer:

- (a) TVC Curve begins to fall at a decreasing rate

2. Which of the following statement is true about average cost function

- _____?
- (a) $ATC = AFC - AVC$
 - (b) $AVC = AFC + ATC$
 - (c) $AFC = ATC + AVC$
 - (d) $ATC = AFC + AVC$

(1 mark)

Answer:

- (d) $ATC = AFC + AVC$

3. Which of these is not a factor of cost functions of a product _____.

- (a) Market price of product
- (b) Size of the plants
- (c) Output level
- (d) Prices of inputs

(1 mark)

Answer:

- (a) Market price of product

4. Marginal cost curve is _____.

- (a) Positively sloped
- (b) Negatively sloped
- (c) Parallel + to X axis
- (d) Parallel + Y axis

(1 mark)

Answer:

- (a) Positively sloped

2016 - DECEMBER

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

(iv) The Law of variable proportion has _____ stages.

- (a) 2
- (b) 3
- (c) 4
- (d) 5

(1 mark)

Answer:

- (b) 3

(v) The average _____ and output will have inverse functional relationship.

- (a) fixed cost
- (b) variable cost
- (c) total cost
- (d) marginal cost

(1 mark)

Answer:

- (a) fixed cost

2017 - JUNE

1. (a) Choose the correct answer from the given four alternatives.

(vi) Law of variables proportions was developed by _____.

- (a) Alfred Marshall
- (b) Adam Smith
- (c) Robbins
- (d) Jacob

(1 mark)

Answer:

(vii) The average _____ and output have inverse functional relationship.

- (a) fixed cost
- (b) variable cost
- (c) marginal cost
- (d) total cost

(1 mark)

Answer:

(viii) Economies of scales are divided into _____ types.

- (a) 2
- (b) 3
- (c) 4
- (d) 5

(1 mark)

Answer:

- (a) 2

2017 - DECEMBER

1. (a) Choose the correct answer from the given four alternatives.

(vii) _____ is a gift of nature.

- (a) Land
- (b) Labour

- (c) Capital
- (d) Organisation

(1 mark)

Answer:

- (a) Land

(viii) There are _____ stages of the Law of Variable Proportions.

- (a) 2

- (b) 3

- (c) 4

- (d) 5

(1 mark)

Answer:

- (b) 3

(ix) Which factor of production is considered as a produced means of production?

- (a) Land

- (b) Labour

- (c) Capital

- (d) Organisation

(1 mark)

Answer:

- (b) Labour

(x) _____ means transformation of physical inputs into output.

- (a) Marketing

- (b) Production

- (c) Finance

- (d) Money

(1 mark)

Answer:

- (b) Production

(xi) _____ Cost is also known as Alternative Cost.

- (a) Opportunity

- (b) Actual

- (c) Real

- (d) Money

(1 mark)

Answer:

- (a) Opportunity

(xii) The additional cost incurred to produce an additional unit of output is _____.

- (a) Marginal Cost
- (b) Variable Cost
- (c) Fixed Cost
- (d) Opportunity Cost

Answer:

- (a) Marginal Cost

(1 mark)

2018 - JUNE

1. (a) Choose the correct answer from the given four alternatives:

(v) Production creates _____ utility.

- (a) place
- (b) time
- (c) form
- (d) possession

Answer:

- (c) form

(1 mark)

(vi) A Production Function refers to _____.

- (a) scale of production
- (b) relationship between resources
- (c) relationship between inputs and output
- (d) relationship between costs and output

Answer:

- (c) relationship between inputs and output

(1 mark)

(vii) _____ cost remains constant even if production is stopped.

- (a) Fixed
- (b) Variable
- (c) Semi-variable
- (d) Marginal

Answer:

- (a) Fixed

(1 mark)

2018 - DECEMBER

1. (a) Choose the correct answer from the given four alternatives.

(v) Factors of production may be of _____ types.

- (a) 4
- (b) 3
- (c) 2
- (d) 5

(1 mark)

Answer:

- (a) 4

(vi) The Law of Variable Proportions relates to _____ only.

- (a) long-run
- (b) short-run
- (c) very long-run
- (d) very short-run

(1 mark)

Answer:

- (b) short-run

(vii) The Total _____ Curve will be a horizontal line.

- (a) Variable Cost
- (b) Fixed Cost
- (c) Marginal Cost
- (d) Cost

(1 mark)

Answer:

- (b) Fixed Cost

2019 - JUNE

1. (a) Choose the correct answer from amongst the four alternatives given (You may write only the Roman numeral and Alphabet chosen for your answer):

- (x) Opportunity cost is measured in terms of the
- (a) optional cost that has been avoided
 - (b) negative cost that has been sacrificed
 - (c) accounting cost that has been paid
 - (d) next best alternative that has been foregone. (1 mark)

Answer:

(d) next best alternative that has been foregone.

- (xi) Due to the operation of 'Laws of return to scale' LAC curve is:
- (a) Rectangular hyperbola
 - (b) U-shaped
 - (c) Parallel to the horizontal axis
 - (d) Parallel to the vertical axis. (1 mark)

Answer:

(b) U-shaped

2019 - DECEMBER

1. (a) Choose the correct answer from the given four alternatives.
- (vi) Which one of the following is not a factor of production?

- (a) Land
- (b) Labour
- (c) Capital
- (d) Bank Loan (1 mark)

Answer:

(d) Bank Loan

- (vii) The 'Law of Variable Proportions' was first developed by:

- (a) Prof. Mill
- (b) Prof. Marshall
- (c) Prof. Ricardo
- (d) Prof. Smith. (1 mark)

Answer:

(b) Prof. Marshall

- (viii) Which one of the following cost can never become zero?
 (a) Average Cost (b) Fixed Cost
 (c) Marginal Cost (d) Variable Cost (1 mark)

Answer:

(b) Fixed Cost

- (ix) All the factors of production become variable in the:
 (a) short-run (b) long-run
 (c) very short-run (d) very long-run. (1 mark)

Answer:

(b) long-run

- (x) Marginal Cost is defined as
 (a) the change in total cost due to one unit change in output
 (b) the change in total cost due to one unit change in input
 (c) the ratio of total cost to total output
 (d) the ratio of total cost to total input. (1 mark)

Answer:

- (xi) If a firm produces 200 units of commodity X by employing 10 workers and 240 units of the same commodity by employing 12 workers, then the Average Product of the worker is:

- (a) 20 (b) 40
 (c) 200 (d) 240. (1 mark)

Answer:

(a) 20

2022 - DECEMBER

1. The Law of Variable proportions is applicable in _____ only.
 (a) Very long run (b) Very short run
 (c) Short run (d) Long run (1 mark)

Answer:

(c) Short run

2. A firm has a variable cost of ₹ 1000 at 5 units of output and if fixed costs are ₹ 400 then what will be the total cost?

- (a) ₹ 5200
- (b) ₹ 5400
- (c) ₹ 5100
- (d) ₹ 5000

(1 mark)

Answer:

- (b) ₹ 5400

3. Choose the correct answer from the given four alternatives.

The Total _____ Curve will be a horizontal line.

- (a) Variable Cost
- (b) Fixed Cost
- (c) Marginal Cost
- (d) Cost

(1 mark)

Answer:

- (b) Fixed Cost

4. Choose the correct answer from amongst the four alternatives given (You may write only the Roman numeral and Alphabet chosen for your answer):

As output increases, AFC of a firm:

- (a) increases
- (b) remains constant
- (c) continuously declines
- (d) initially increases, afterwards declines.

(1 mark)

Answer:

- (c) continuously declines

2023 - JUNE

1. All factors of production become variable in the:

- (a) short-run
- (b) medium-run

- (c) long-run
(d) very short-run

(2 marks)**Answer:**

- (c) long-run

2. Why does the Law of Increasing Returns operate?

- (a) Need to reach the right combination
(b) Full use of fixed indivisible factors
(c) Efficiency of variable factors
(d) All of the above

(2 marks)**Answer:**

- (d) All of the above

3. _____ determine(s) price in the long run.

- (a) Demand supply forces
(b) Marginal utility
(c) Cost of production
(d) None of the above

(2 marks)**Answer:**

- (c) Cost of production

4. The concept of mode of production was developed by.

- (a) Marx
(b) Keynes
(c) Ricardo
(d) Robbins

(2 marks)**Answer:**

- (a) Marx

5. Shut down situation for a firm comes when:

- (a) price is equal to fixed cost.
(b) price is more than average fixed cost.
(c) price is less than average variable cost.
(d) price is more than average variable cost.

(2 marks)**Answer:**

- (c) price is less than average variable cost.

1.

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(a) C

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Ans

(a) C

2023 - DECEMBER

1. _____ is the functional relationship between physical inputs and physical outputs.
- (a) Cost Function (b) Production Function
(c) Demand-Supply Function (d) Input-Output Function (2 marks)

Answer:

- (d) Input-Output Function
2. Internal economies and diseconomies arise due to _____.
- (a) overall industry-level changes
(b) changes at the firm level
(c) both (a) and (b)
(d) neither (a) nor (b) (2 marks)

Answer:

- (b) changes at the firm level
3. The labour surplus is the difference between the value of output and the _____.
- (a) values of capital used
(b) values of fixed land used
(c) values of material used
(d) none of the above (2 marks)

Answer:

- (c) values of material used

2024 - JUNE

1. The Law of Variable Proportions was not propounded by _____.
- (a) Marshall (b) Benham
(c) Samuelson (d) Keynes (2 marks)

Answer:

- (a) Marshall

2. All factors of production become variable in the ____.
- (a) short run
 - (b) medium run
 - (c) long run
 - (d) very short run

(2 marks)

Answer:

- (c) long run

3. ____ cost is also known as variable cost.

- (a) Product
- (b) Fixed
- (c) Historical
- (d) Opportunity

(2 marks)

Answer:

- (a) Product

4. ____ costs are irrelevant with regard to future business decisions.

- (a) Product
- (b) Fixed
- (c) Variable
- (d) Sunk

(2 marks)

Answer:

- (d) Sunk

2024 - DECEMBER

1. ____ is the second important factor of production.

- (a) Land
- (b) Labour
- (c) Capital
- (d) Organisation

(2 marks)

Answer:

- (b) Labour

2. In microeconomics, the basic needs of the business are to:
- (a) opportunity
 - (b) explore
 - (c) implement
 - (d) social
- Answer:**

(a) opportunity

Paper

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Scan to Share

The Basic

- Product
- good
- The
- differ
- Fixed
- The
- prod

2. In microeconomic theory, the _____ cost of a choice is the value of the best alternative foregone where, given limited resources, a choice needs to be made between several mutually exclusive alternatives.

- (a) opportunity
 (b) explicit
 (c) implicit
 (d) social

(2 marks)

Answer:

- (a) opportunity

Paper 4 Fundamental of Business Economics and Management

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The Basics of Production Theory

- Production combines inputs like land, labor, and capital to create goods and services.
- The law of variable proportions explains how output changes with different input levels.
- Fixed and variable costs determine the total cost of production.
- The concept of economies of scale shows cost advantages as production scales up.

CHAPTER	Forms of Market
2	

THIS CHAPTER INCLUDES

- | | |
|---|--|
| 1. Pricing of Products and Services in Various Forms of Markets - Perfect Competition
2. Duopoly | 3. Oligopoly
4. Monopoly
5. Monopolistic Competition |
|---|--|

1.

PAST YEAR QUESTIONS AND ANSWERS

2.

2015 - MARCH

1. The ideal level of operation for a pure monopoly firm is the level where:
- (a) TR and STC curve are parallel to each other
 - (b) $TR = TC$
 - (c) $TR = \text{Total variable cost}$
 - (d) TR is less than STC

3.

(1 mark)

Answer:

2. A competitive firm maximizes its total profit when
- (a) Average cost equal average realization
 - (b) Marginal cost equals price
 - (c) Total revenue is the maximum
 - (d) $MR = AR$.

4.

(1 mark)

Answer:

- (c) Total revenue is the maximum

2015 - JUNE

1. Which of the following is/are the characteristic of a monopolistically competitive market?
- (a) No restriction on exit and entry
 - (b) Many sellers
 - (c) Product differentiation
 - (d) All the three.
- (1 mark)**

Answer:

- (d) All the three.
2. The market state that satisfy all the essential features of a perfect competitive market except identity of product is known as:
- (a) Oligopoly
 - (b) Duopoly
 - (c) Monopoly
 - (d) Monopolistic competition.
- (1 mark)**

Answer:

- (d) Monopolistic competition.
3. A monopoly firm makes more profit because:
- (a) It has ability to choose among price and output combination
 - (b) It can be discriminate price
 - (c) It leave the consumer with no consumer surplus
 - (d) It acts as a market leader.
- (1 mark)**

Answer:

- (a) It has ability to choose among price and output combination
4. A competitive firm maximizes its total profit when _____
- (a) Average cost equal average realization
 - (b) Marginal cost equals price
 - (c) Total revenue is the maximum
 - (d) $MR = AR$.
- (1 mark)**

Answer:

- (c) Total revenue is the maximum

Chapter-2: Forms of Market

5. Demand curve of an Oligopoly firm is characterized by:
- (a) Horizontal to X-axis
 - (b) Kink at the price
 - (c) U shaped curve
 - (d) A Liner line.

(1 mark)**Answer:**

- (b) Kink at the price

2015 - SEPTEMBER

1. Entry of the new firm is:
- (a) Absolutely free under monopolistic competition
 - (b) Not possible under monopoly
 - (c) Free under monopoly
 - (d) Restricted under perfect competition.

(1 mark)**Answer:**

- (b) Not possible under monopoly

2. Which of the following industries follow the perfect competitive model?
- (a) Auto mobile
 - (b) Cigrate
 - (c) News paper
 - (d) Wheat farming

(1 mark)**Answer:**

- (d) Wheat farming

3. Super normal profits occurs when:
- (a) Average revenue is more than average
 - (b) Total cost is minimum
 - (c) Total revenue is maximum
 - (d) MC is equal to MR

(1 mark)**Answer:**

- (c) Total revenue is maximum

4. In a competitive market _____ is the price maker.

- (a) Firm
- (b) Industry
- (c) Consumer
- (d) Trade association

(1 mark)

Answer:

- (a) Firm

2015 - DECEMBER

1. The threat of new entrants is the extent to which new competitions can easily enter a merit. Thus the threat of new entrants for a local restaurant than a automobile, company is:

- (a) High
- (b) Low
- (c) Moderate
- (d) Equal

(1 mark)

Answer:

- (d) Equal

2. Which of these is not an essential feature of a market.

- (a) Buyers
- (b) Sellers
- (c) Commodity
- (d) Building with loading facilities

(1 mark)

Answer:

- (b) Sellers

3. The average revenue curve is tangent to the minimum point of average curve in the long run, if there is a/ an:

- (a) Perfect Competition
- (b) Oligopoly
- (c) Monopoly
- (d) Monopolistic Competition

(1 mark)

Answer:

- (a) Perfect Competition

4. In an imperfect competition, which of the following curves generally lies below the demand curve and stops downward?
- (a) Marginal cost curve
 - (b) Marginal revenue curve
 - (c) Average cost curve
 - (d) Average revenue curve

(1 mark)

Answer:

- (d) Average revenue curve

5. In the short run an oligopolistic firm will:

- (a) Make profits
- (b) Incur losses
- (c) Just break even
- (d) Any of these three are possible

(1 mark)

Answer:

- (a) Make profits

6. Oligopoly market is known for _____.

- (a) Price flexibility
- (b) Price rigidity
- (c) Price discrimination
- (d) All the three.

(1 mark)

Answer:

- (c) Price discrimination

2016 - DECEMBER

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

(vi) Differential pricing is a form of _____.

- (a) perfect market
- (b) monopoly market
- (c) imperfect market
- (d) oligopoly market.

(1 mark)

Answer:

- (c) imperfect market

2017 - JUNE

1. (a) Choose the correct answer from the given four alternatives.

(ix) On the basis of competition, markets are classified into _____ types.

(a) 2

(b) 3

(c) 4

(d) 5

(1 mark)

Answer:

(a) 2

(x) _____ means absence of competition.

(a) Monopoly

(b) Perfect

(c) Imperfect

(d) Oligopoly

(1 mark)

Answer:

(a) Monopoly

(xii) In a competitive market, _____ is the price - maker.

(a) firm

(b) industry

(c) consumer

(d) trade association

(1 mark)

Answer:

(b) industry

(xiii) Long-run equilibrium price is known as _____.

(a) Market price

(b) Reserve price

(c) Normal price

(d) Support price

(1 mark)

Answer:

(a) Market price

2017 - DECEMBER

1. (a) Choose the correct answer from the given four alternatives.
(xiii) On the basis of time element, markets can be classified into _____ types.

- (a) 2
- (b) 3
- (c) 4
- (d) 5

(1 mark)

Answer:

- (xiv) _____ Competition exists when the basic features of Perfect Competition are not present.

- (a) Pure
- (b) Perfect
- (c) Imperfect
- (d) All of the above

(1 mark)

Answer:

- (b) Perfect

2018 - JUNE

- (a) Choose the correct answer from the given four alternatives.
(viii) _____ refers to the quantity of a commodity which a firm is willing to produce and offer for sale.

- (a) Individual Supply
- (b) Market Supply
- (c) Individual Demand
- (d) Market Demand

(1 mark)

Answer:

- (a) Individual Supply

- (ix) On the basis of area, markets are classified into _____ types.
- (a) 2 (b) 3
(c) 4 (d) 5

Answer:

(b) 3

- (x) Total output is maximum when _____.

- (a) $MP = 0$
(b) MP is increasing
(c) MP is decreasing
(d) MP is constant

Answer:

(a) $MP = 0$

- (xi) Which of the following does not characterise monopolistic competition?

- (a) product differentiation
(b) many producers
(c) absence of advertising
(d) partial control over price

Answer:

(c) absence of advertising

- (xii) Pricing for selling the same commodity at different selling prices is known as _____.

- (a) Skimming Pricing
(b) Differential Pricing
(c) Penetration Pricing
(d) Cost plus Pricing

Answer:

(b) Differential Pricing

- (xiii) In a perfect competition, a firm earns super normal profit when the AR of the firm _____ the AC of the firm.

- (a) equals to
(b) exceeds
(c) is lower than
(d) neither exceeds nor is lower than

Answer:

(b) exceeds

(xiv) _____ refers to the market situation where there is one seller and there is no close substitute to the commodity sold by the seller.

- (a) Perfect Competition
- (b) Monopoly
- (c) Oligopoly
- (d) Monopolistic Competition

Answer:

- (b) Monopoly

(1 mark)

2018 - DECEMBER

1. (a) Choose the correct answer from the given four alternatives.

(ix) _____ means absence of competition.

- (a) Perfect Competition
- (b) Monopoly
- (c) Imperfect Competition
- (d) Discrimination

Answer:

- (b) Monopoly

(1 mark)

(x) _____ is the centre of all marketing policies.

- (a) Price
- (b) Product
- (c) Profit
- (d) Publicity

Answer:

- (b) Product

(1 mark)

(xi) In the long-run, a firm in perfect competition earns _____.

- (a) normal profit only
- (b) abnormal profit
- (c) average profit of past 5 years
- (d) 12.33 per cent. Profit on capital employed

Answer:

- (a) normal profit only

(1 mark)

(xii) Oligopoly
(a) single
(b) few
(c) large
(d) no

Answer:

(b) few

(xiii) Penetration

(a) low

(b) high

(c) low

(d) high

Answer:

(a) low

1. (a) Choose

(You

your

(ix)

(xi)

ere there is one
modity sold by

- (xii) Oligopoly means _____.
- (a) single seller
 - (b) few sellers
 - (c) large numbers of sellers
 - (d) no buyers

(1 mark)

(1 mark)

Answer:

- (b) few sellers
- (xiii) Penetration Pricing is adopted by following a _____.
- (a) low price
 - (b) high price
 - (c) dual price
 - (d) support price

(1 mark)

Answer:

- (a) low price

ves.

2019 - JUNE

(1 mark)

1. (a) Choose the correct answer from amongst the four alternatives given (You may write only the Roman numeral and Alphabet chosen for your answer):

- (ix) Which is the first order condition for the profit of a firm be maximum?

- (a) $AC = MR$
- (b) $MC = MR$
- (c) $MR = AR$
- (d) $AC = AR$

(1 mark)

Answer:

- (b) $MC = MR$

- (xii) The AR curve and industry demand curve are identical:

- (a) in case of monopoly
- (b) in case of oligopoly
- (c) in case of monopolistic competition
- (d) in case of perfect competition.

(1 mark)

Answer:

- (d) in case of perfect competition.

mark)

- (xiii) OPEC is an example of:
(a) Perfect competition
(b) Monopolistic competition
(c) Monopoly
(d) Cartel.

(1 mark)

Answer:

- (d) Cartel.

2019 - DECEMBER

1. (a) Choose the correct answer from the given four alternatives.

(xii) Which one of the following is a feature of a perfect competition?

- (a) Selling Cost
(b) Group Behaviour
(c) Homogeneous Product
(d) Differentiated Product

(1 mark)

Answer:

- (c) Homogeneous Product

(xiii) In the case of a perfectly competitive firm, the demand curve for product is:

- (a) elastic
(b) unit elastic
(c) perfectly elastic
(d) perfectly inelastic

(1 mark)

Answer:

- (c) perfectly elastic

(xiv) Which one of the following does not characterize monopolistic competition?

- (a) Product Differentiation
(b) Many Producers
(c) Absence of Advertising
(d) Partial Control Over Price

(1 mark)

Answer:

- (c) Absence of Advertising

- (xv) Cartel is one form of:
 (a) monopoly.
 (b) duopoly
 (c) collusive oligopoly.
 (d) non-collusive oligopoly

Answer:

(c) collusive oligopoly.

- (xvi) Dynamic Pricing is mostly followed by:
 (a) Automobile Manufacturing Companies
 (b) Cooking Gas Supplying Companies
 (c) On-line Companies
 (d) Brand Name Food Companies

Answer:

(d) Brand Name Food Companies

2022 - DECEMBER

1. There is no close substitute_____.
- (a) In case of duopoly
 (b) In case of monopolistic competition
 (c) In case of monopoly
 (d) In case of perfect competition

Answer:

(c) In case of monopoly

2. Which one of the following is a characteristic of Perfect Competition?
- (a) Price discrimination (b) One seller
 (c) Homogenous product (d) Advertisement

Answer:

(c) Homogenous product

3. Interdependence among firms is the important features under:
- (a) Duopoly
 (b) Perfect Competition

- (c) Oligopoly
- (d) Imperfect Competition

(1 mark)**Answer:**

- (c) Oligopoly

4. Price discrimination under monopoly is dependent on:

- (a) Price Elasticity of Demand
- (b) Size of the Market
- (c) Both (a) and (b)
- (d) None of the above

(1 mark)**Answer:**

- (a) Price Elasticity of Demand

5. As per _____, "the more nearly perfect a market is, the stronger is the tendency for the same price to be paid for the same thing at the same time in all parts of the market"

- (a) Joan Smith
- (b) Robinson
- (c) Alfred Marshal
- (d) Maslow

(1 mark)**Answer:**

- (c) Alfred Marshal

6. If there are only two firms, the market is said to be:

- (a) Oligopoly Market
- (b) Duopoly Market
- (c) Monopoly Market
- (d) Perfectly Competitive Market

(1 mark)**Answer:**

- (b) Duopoly Market

7. _____ is used by the monopolist to discourage economic entry into a market.

- (a) Total-cost Pricing
- (b) Minimum Pricing
- (c) Limit Pricing
- (d) Maximum Pricing

(1 mark)**Answer:**

- (c) Limit Pricing

8. Which of the price

- (a) Imperfect
- (b) Perfect
- (c) Duopoly
- (d) Monopoly

Answer:

- (b) Perfect

9. Answer

Under

- (a) N

- (b) N

- (c) N

- (d) N

Ans

- (b)

10. The

who

- (a)

- (b)

- (c)

- (d)

Ans

- (a)

1. V

(1 mark)

8. Which of the following forms of market structure has no control over the price of the product?
- (a) Imperfect Competition
 - (b) Perfect Competition
 - (c) Duopoly Competition
 - (d) Monopoly

(1 mark)

Answer:

- (b) Perfect Competition

(mark)

9. Answer the following:
Under no profit, no loss situation in perfect competition, the firm earns
- (a) No profit, no loss
 - (b) Normal profit
 - (c) Negative profit
 - (d) None of the above

(1 mark)

Answer:

- (b) Normal profit

is the same

(mark)

10. The ideal level of operation for a pure monopoly firm is the level where:
- (a) TR and STC curve are parallel to each other
 - (b) $TR = TC$
 - (c) $TR = \text{Total variable cost}$
 - (d) TR is less than STC

(1 mark)

Answer:

- (a) TR and STC curve are parallel to each other

(k)

2023 - JUNE

y

1. Which one of the following is not a condition for price discrimination?
- (a) Ignorance of the consumers
 - (b) Tariff barrier
 - (c) Geographical distance between the markets
 - (d) None of the above

(2 marks)

Answer:

- (d) None of the above

2. _____ is a market situation where there are few sellers producing comparable products.

- (a) Duopoly
- (b) Oligopoly
- (c) Monopoly
- (d) Monopolistic Competition

(2 marks)

Answer:

- (b) Oligopoly

3. _____ is the profit of a firm earns in excess of normal profits.

- (a) Super-normal profit
- (b) Economic profit
- (c) Normal profit
- (d) Costing profit

(2 marks)

Answer:

- (a) Super-normal profit

4. The essential feature(s) of the market is/are:

- (a) sellers
- (b) price
- (c) buyers
- (d) All of the above

(2 marks)

Answer:

- (d) All of the above

5. Electricity supply service in a fixed area is an example of _____ market.

- (a) duopoly
- (b) oligopoly
- (c) monopoly
- (d) perfectly competitive

(2 marks)

Answer:

- (c) monopoly

6. If the demand curve of pure monopoly is elastic, MR will be:

- (a) negative
- (b) positive
- (c) zero
- (d) None of the above

(2 marks)

Answer:

- (b) positive

producing

7. The market condition which satisfies the features of a perfectly competitive market, other than identity of product, is known as:

- (a) monopoly
- (b) monopolistic competition
- (c) duopoly
- (d) oligopoly

(2 marks)

(2 marks)

Answer:

- (b) monopolistic competition

8. The demand for a monopolistic competitive product is _____ elastic.

- (a) less
- (b) more
- (c) neither more nor less
- (d) sometimes more sometimes less

(marks)

(2 marks)

Answer:

- (b) more

(marks)

2023 - DECEMBER

1. Which of the following is associated with a monopolistic competitive market?

- (a) Single buyer
- (b) Homogeneous product
- (c) Product differentiation
- (d) Few firms

(marks)

(2 marks)

Answer:

- (c) Product differentiation.

2. In the long run, a firm in perfect competition earns _____.

- (a) average profits of the past 5 years
- (b) 12.33% profits on capital employed
- (c) normal profits only
- (d) abnormal profits

(ks)

Answer:

- (c) normal profits only

(2 marks)

In a competitive market, _____ is the price-maker.

- (a) industry
- (b) trade association
- (c) firm
- (d) consumer

(2 marks)

Answer:

- (a) industry

When $MC=MR$, the firm will get _____ profits.

- (a) minimum
- (b) maximum
- (c) zero
- (d) normal

(2 marks)

Answer:

- (b) maximum

The demand curve of a monopoly firm is the _____.

- (a) same as its supply curve
- (b) same as its average revenue curve
- (c) same as its demand curve
- (d) none of the above

(2 marks)

Answer:

- (a) same as its supply curve

Price rigidity is the feature of _____ market.

- (a) Oligopoly
- (b) Duopoly
- (c) Monopoly
- (d) Monopolistic Competitive

(2 marks)

Answer:

- (a) Oligopoly

Average revenue curve is also known as _____.

- (a) Supply curve
- (b) Demand curve
- (c) Average cost curve
- (d) None of the above

(2 marks)

Answer:

- (b) Demand curve

8. Price discrimination is possible in the _____ market only.

- (a) perfectly competitive
- (b) duopoly
- (c) monopoly
- (d) oligopoly

(2 marks)

Answer:

- (c) monopoly

9. The demand for a monopoly product is _____ elastic.

- (a) more
- (b) less
- (c) neither more nor less
- (d) sometimes more sometimes less

(2 marks)

Answer:

- (b) less

10. In the short-run, if the price is above the average total cost, in a monopolistic competitive market, the firm makes _____.

- (a) losses and exits the market
- (b) quick profits and disappears
- (c) profits and new firms join the market
- (d) profits and bars entry to new firms

(2 marks)

Answer:

- (c) profits and new firms join the market

2024 - JUNE

1. Under _____ competition, every firm will be of optimum size.

- (a) pure
- (b) perfect
- (c) monopoly
- (d) monopolistic

(2 marks)

Answer:

- (b) perfect

2. Imperfect market is classified into _____ types.

- (a) 2 (b) 3
(c) 4 (d) 5

(2 marks)

Answer:

- (d) 5

3. Oligopoly means_____.

- (a) single seller
(b) few sellers
(c) large number of sellers
(d) no buyers

(2 marks)

Answer:

- (b) few sellers

4. In_____ seller is the price maker.

- (a) perfect competition
(b) monopoly
(c) oligopoly
(d) imperfect market

(2 marks)

Answer:

- (b) monopoly

5. The Kinked Demand Curve model of oligopoly was developed by_____.

- (a) Cornet
(b) Edgeworth
(c) Sweezy
(d) Sticker

(2 marks)

Answer:

- (c) Sweezy

6. The market state that satisfies all the essential features of a perfect competition market except identity of a product is known as _____.

- (a) Oligopoly
(b) Duopoly
(c) Monopoly
(d) Monopolistic Competition

(2 marks)

Answer:

- (d) Monopolistic Competition

7. In _____ market, the firm has no definite demand curve.

- (a) Oligopoly
- (b) Duopoly
- (c) Monopoly
- (d) Monopolistic Competition

Answer:

- (a) Oligopoly

8. The act of selling the same commodity at different prices to different buyers is known as _____.

- (a) price leadership
- (b) differential pricing
- (c) policy pricing
- (d) skimming pricing

Answer:

- (b) differential pricing

9. Penetration pricing is adopted by following a _____.

- (a) low price
- (b) high price
- (c) dual price
- (d) (a), (b) and (c)

Answer:

- (a) low price

10. Three degrees of price discrimination was described by _____.

- (a) Robinson
- (b) Pigou
- (c) Adam Smith
- (d) Sticker

Answer:

- (b) Pigou

11. In the long run, price is governed by _____.

- (a) cost of production
- (b) demand-supply forces
- (c) marginal utility
- (d) normal profit

Answer:

- (d) normal profit

2024 - DECEMBER

5.

1. A/an _____ is a market structure with a single seller or producer that assumes a dominant position in an industry or a sector.

- (a) Oligopoly
- (b) Duopoly
- (c) Monopolistic Competition
- (d) Monopoly

(2 marks)

Answer:

- (d) Monopoly

2. A firm can achieve equilibrium when its _____.

- (a) $MC = MR$
- (b) $MC = AC$
- (c) $MR = AR$
- (d) $MR = AC$

(2 marks)

Answer:

- (a) $MC = MR$

3. The equilibrium of a firm can be divided into _____ types.

- (a) 2
- (b) 3
- (c) 4
- (d) 5

(2 marks)

Answer:

- (a) 2

4. In a competitive market, _____ is the price-maker.

- (a) firm
- (b) industry
- (c) consumer
- (d) trade association

(2 marks)

Answer:

- (b) industry

5. Skimming pricing is a pricing strategy that sets new product prices _____.

- (a) high (b) neither high nor low
(c) low (d) medium (2 marks)

Answer:

- (a) high

6. _____ competition is a type of market structure where many firms are present in an industry and they produce similar but differentiated products.

- (a) Pure
(b) Monopolistic
(c) Perfect
(d) Oligopolistic (2 marks)

Answer:

- (b) Monopolistic

7. _____ in 1926 concluded that, to fully understand microeconomics, it is necessary to leave aside perfect competition and move towards the opposite direction.

- (a) Piero Sraffa
(b) Adam Smith
(c) Peter Drucker
(d) Joan Robinson (2 marks)

Answer:

- (a) Piero Sraffa

8. _____ occurs when a leading firm in a given industry is able to exert enough market influence in the said industry that it can effectively determine the price of goods or services for the entire market.

- (a) Price leadership
(b) Differential pricing
(c) Policy pricing
(d) Skimming pricing (2 marks)

Answer:

- (a) Price leadership

9. A _____ is a form of oligopoly, where only two companies dominate the market.
- (a) Duopoly
 - (b) Monopoly
 - (c) Monopsony
 - (d) All of the above

(2 marks)

Answer:

- (a) Duopoly

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Understanding Market Forms

- Markets are classified based on the number of buyers and sellers and the nature of competition.
- Perfect competition involves numerous buyers and sellers with identical products.
- Monopoly has a single seller dominating the market.
- Oligopoly features a few dominant players influencing the market.

CHAPTER

3A

Money - Types, Features and Functions

THIS CHAPTER INCLUDES

1. Money - types

2. Features and Functions

PAST YEAR QUESTIONS AND ANSWERS

2015 - JUNE

1. Full employment exists when there is:

- (a) Zero unemployment
- (b) Natural rate of unemployment
- (c) Least demand for labor
- (d) Least supply of labor.

(1 mark)

Answer:

- (b) Natural rate of unemployment

2015 - SEPTEMBER

1. Which of the following is generally referred for the 'broader' measure of money supply?

- (a) M1
- (c) M3
- (b) M2
- (d) M4

(1 mark)

Answer:

- (c) M3

2. When the government tries to breach the gap of public expenditure and public revenue through:
- (a) Credit Financing
 - (b) Debt Financing
 - (c) Public Financing
 - (d) Deficit Financing
- (1 mark)

Answer:

- (d) Deficit Financing

2016 - MARCH

1. Inflation which is unexpected will most likely benefit:
- (a) Holders of cash
 - (b) Creditors who lend funds to others
 - (c) People owing debts
 - (d) Those who have fixed incomes
- (1 mark)

Answer:

- (c) People owing debts

2. Which of the following is not essential for the classical model to be valid:
- (a) Wage-price flexibility
 - (b) Interest rate flexibility
 - (c) Long-run full employment
 - (d) Fixed money supply
- (1 mark)

Answer:

- (d) Fixed money supply

3. If the public finds ways of making the same amount of money perform a larger amount of transactions than before:
- (a) The demand for money must have risen
 - (b) Velocity must have risen
 - (c) Incomes and prices must have risen
 - (d) The supply of money must have risen
- (1 mark)

Answer:

- (b) Velocity must have risen

4. Which of these measures would not reduce natural rate of unemployment? (xiv)
- (a) Creation of more jobs
 - (b) Reducing the age of superannuation
 - (c) Hike in unemployment allowance
 - (d) Employment oriented education system
- (1 mark)

Answer:

- (c) Hike in unemployment allowance (xv)

2016 - DECEMBER

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

(viii) Quantity Theory of money was reformulated by:

- (a) Keynes
- (b) Adam Smith
- (c) Alfred Marshall
- (d) Simon

(1 mark)

Answer:

- (a) Keynes

2017 - JUNE

1. (a) Choose the correct answer from the given four alternatives.

(xi) The rate at which the commercial banks borrow from the RBI is called as _____.

- (a) REPO
- (b) PLR
- (c) BPLR
- (d) Bank Rate

(1 mark)

Answer:

- (a) REPO

(xiv) "Money is what money does." This definition was given by _____

- (a) Adam Smith (b) Walker
 (c) Robbins (d) Robertson

(1 mark)

Answer:

(b) Walker

(xv) The _____ states that bad money drives good money out of circulation.

- (a) Law of Demand
 (b) Law of Supply
 (c) Gresham's Law
 (d) Demand Schedule

(1 mark)

Answer:

(c) Gresham's Law

2017 - DECEMBER

1. (a) Choose the correct answer from the given four alternatives.

(xv) The _____ states that bad money drives good money out of circulation.

- (a) Law of Demand
 (b) Law of Supply
 (c) Gresham's Law
 (d) Demand Schedule

(1 mark)

Answer:

(c) Gresham's Law

(xvi) Quantity Theory of Money was explained by _____

- (a) Fisher
 (b) Keynes
 (c) Crowther
 (d) Samuelson

(1 mark)

Answer:

(a) Fisher

2018 - JUNE

1. (a) Choose the correct answer from the given four alternatives.

(xv) Cash Money is created by the _____.

- (a) Central Bank of a Country
- (b) Commercial Banks
- (c) State Bank of India
- (d) Co-operative Banks

(1 mark)

Answer:

(a) Central Bank of a Country

(xvi) "Money is what money does." this definition was given by _____.

- (a) Adam Smith
- (b) Walker
- (c) Robbins
- (d) Robertson

(1 mark)

Answer:

(b) Walker

2018 - DECEMBER

1. (a) Choose the correct answer from the given four alternatives.

(xv) The primary functions of money are of _____ types.

- (a) 2
- (b) 3
- (c) 4
- (d) 5

(1 mark)

Answer:

(a) 2

(xvi) The
supp
expl

(a)
(c)
An

(a)

1. (a) Cho
(You
your

(xiv) T

(xv)

(xviii)

(xvi) The money supply affects the rate of interest; when the money supply increases, rate of interest will be decreased. It is explained by _____.

- (a) Keynes (b) Walker
(c) Robbins (d) Crowther

(1 mark)

Answer:

- (a) Keynes

2019 - JUNE

1. (a) Choose the correct answer from amongst the four alternatives given (You may write only the Roman numeral and Alphabet chosen for your answer):

(xiv) The relationship between money supply and price level is:

- (a) inverse (b) neutral
(c) proportional (d) non-proportional

(1 mark)

Answer:

- (a) inverse

(xv) Cash Balance Approach was given by:

- (a) I. Fisher
(b) J.M. Keynes
(c) G. Crowther
(d) Cambridge University Professors

(1 mark)

Answer:

- (a) I. Fisher

(xviii) 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) None of the above

(1 mark)

Answer:

- (c) Increase in Real Rate of Interest

2019 - DECEMBER

1. (a) Choose the correct answer from the given four alternatives.

(xvii) $PT = MV$ is the equation suggested by:

- (a) J.M. Keynes (b) A.W. Phillips
 (c) Irving Fisher (d) A.C. Pigou

(1 mark)

Answer:

(c) Irving Fisher

(xix) Gresham's Law is true where:

- (a) only Barter System operates
 (b) only Paper Currency operates
 (c) only Metal Currency operates
 (d) both Paper and Metal Currency operate

(1 mark)

Answer:

(d) both Paper and Metal Currency operate

(xx) Quantity Theory of Money states that:

- (a) Price Level is directly proportional to Money Supply
 (b) Price Level is inversely proportional to Money Supply
 (c) Price Level is not related to Money Supply
 (d) Price Level is inversely related to Money Demand

(1 mark)

Answer:

(a) Price Level is directly proportional to Money Supply

2022 - DECEMBER

1. The money supply influences the rate of interest; if the money supply increases, rate of interest will be decreased. It was explained by

- (a) Milton Friedman
 (b) Cambridge

(c) Key
 (d) Ric

Answer:

(c) Key

2. Money

(a) Tot

(b) Tot

tim

(c) To

(d) To

Answer:

(d) To

3. Which

(a) St

(b) M

(c) Ba

(d) N

Answer:

(b) M

4. $M = P$

(a) I.

(b) A

(c) I

(d) F

Answer:

(c) I

1. Sup

(a)

(b)

Keynes

Ricardo

Answer:

Keynes

2. Money supply mentions:

(a) Total value of money held by the government over a period of time

(b) Total value of money held by the government at a particular point in time

(c) Total volume of money held by the public at a particular point in time

Total value of money held by the public over a period of time

(1 mark)

Answer:

Total value of money held by the public over a period of time

3. Which one of the following is called primary function of money?

Standard of deferred payment

Measure of value

Basis of credit

None of the above

(1 mark)

Answer:

Measure of value

4. $M = PT$ this equation given by:

I.M. Keynes

Adam Smith

Irving Fisher

Robinson

Answer:

Irving Fisher

(1 mark)

2023 - JUNE

1. Supply of money refers to the:

(a) total money held by the RBI.

(b) total money with all the commercial banks and the RBI.

- (c) total money in the government account.
- (d) total money held by the public.

Answer:

(2 marks)

2. Which one of the following would lead to a fall in demand for money?

- (a) Increase in real rate of interest
- (b) Increase in real income
- (c) Increase in wealth
- (d) Inflation

Answer:

- (a) Increase in real rate of interest

(2 marks)

2023 - DECEMBER

1. Which of the following affects the demand for money?

- (a) Rate of interest
- (b) Price level
- (c) Real income
- (d) Both (a) and (c)

(2 marks)

Answer:

- (d) Both (a) and (c)

2. Optional money is a _____.

- (a) non-legal tender money
- (b) legal tender money
- (c) limited legal tender money
- (d) full-bodied money

(2 marks)

Answer:

- (a) non-legal tender money

2024 - JUNE

1. Types of money may be of _____ groups.

- (a) 2
- (b) 3
- (c) 4
- (d) 5

(2 marks)

Answer:

- (a) 2

2. Quantity Theory of Money was propounded by _____.

- (a) Irving Fisher
- (b) Gresham
- (c) Keynes
- (d) Adam Smith

(2 marks)

Answer:

- (a) Irving Fisher

3. Medium of exchange is one among the _____ functions of money.

- (a) secondary
- (b) primary
- (c) contingent
- (d) auxiliary

(2 marks)

Answer:

- (b) primary

4. The money supply affects the rate of interest. When the money supply increases, rate of interest decreases. This has been stated by _____.

- (a) Keynes
- (b) Walker
- (c) Robbins
- (d) Crowther

(2 marks)

Answer:

- (a) Keynes

2024 - DECEMBER

1. The _____ states that bad money drives good money out of circulation.

- (a) Law of Demand
- (b) Law of Supply
- (c) Gresham's Law
- (d) Law of Self-interest

(2 marks)

Answer:

- (c) Gresham's Law

2. Money Market deals with _____ credit.
- (a) medium-term (b) long-term
(c) short-term (d) None of the above (2 marks)

Answer:

(c) short-term

3. _____ is the instrument of quantitative credit control.

- (a) Open market operations
(b) Credit rationing
(c) Moral suasion
(d) Licensing

(2 marks)

Answer:

(a) Open market operations

4. Which of the following is the oldest system of money?

- (a) Barter (b) Plastic money
(c) Credit money (d) Gold

(2 marks)

Answer:

(a) Barter

Paper 4 Fundamental of Business Economics and Management		
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Banking, Commercial Banks, Central Bank & Money Market

THIS CHAPTER INCLUDES

- | | |
|-------------------------|--|
| 1. Banking - Definition | 5. Commercial Banks |
| 2. Functions | 6. Central bank |
| 3. Utility | 7. Measures of Credit Control and Money Market |
| 4. Principles | |

PAST YEAR QUESTIONS AND ANSWERS

2015 - MARCH

1. Given a reserve ratio of 20% in initial deposit of ₹1,000 in a banking system would create secondary deposit of ₹ _____.
- (a) ₹ 3,000 (b) ₹ 5,000
- (c) ₹ 4,000 (d) ₹ 16,000 (1 mark)

Answer:

- (c) ₹ 4,000

2015 - JUNE

1. Which is the Apex Bank for agricultural credit in India?
- (a) RBI
- (b) SIDBI

(c) NABARD

(d) IDBI.

(1 mark)

Answer:

(c) NABARD

2. If the country is passing through recession, the RBI would:

(a) Buy bonds

(b) Reduce CRR

(c) Ease out bank rate

(d) All or any of the above three.

(1 mark)

Answer:

(d) All or any of the above three.

3. CRR is used to:

(a) Combat inflation

(b) Check black money

(c) Check tax evasion

(d) All of the above.

(1 mark)

Answer:

(a) Combat inflation

2015 - DECEMBER

1. _____ is the difference between the interest rate on deposits and no loans.

(a) Profit

(b) Spread

(c) Narrow Money

(d) Lending rate.

(1 mark)

Answer:

(b) Spread

2. _____ refers to that portion of total deposits which a commercial bank has to keep with itself in the form of liquid assets.

(a) Statutory liquidity ratio

(b) Cash reserve ratio

(c) Cash requirement ratio

(d) Statutory requirement ratio

(1 mark)

Answer:

(d) Statutory requirement ratio

2016 - MARCH

1. The federal funds market has reference to the market where:
- (a) The federal government finances its debt
 - (b) Bank borrow reserves from other banks
 - (c) Newly printed currency gets into circulation
 - (d) Banks deposit the majority of their legal reserves. **(1 mark)**

Answer:

(b) Bank borrow reserves from other banks

2. Suppose that the banking system holds ₹ 10 lakhs in demand deposits and ₹ 3,00,000 in statutory reserves. If the required reserve ratio is 25 percent, the maximum amount by which the banking system can expand the money supply is:

- (a) ₹ 10,00,000
- (b) ₹ 15,00,000
- (c) ₹ 2,00,000
- (d) ₹ 20,00,000 **(1 mark)**

Answer:

(c) ₹ 2,00,000

3. Repo transactions are allowed in:
- (a) Government securities/Treasury bills of all maturity
 - (b) State Government securities
 - (c) PSU bonds/Private corporate bonds
 - (d) All of these **(1 mark)**

Answer:

(d) All of these

2016 - JUNE

1. Which is the apex bank for agricultural credit in India?
- (a) RBI
 - (b) SIDBI
 - (c) NABARD
 - (d) IDBI **(1 mark)**

Answer:

(c) NABARD

2. India is a recipient of loan from which of these agencies _____.

- (a) World Bank
- (b) IMF
- (c) IDA
- (d) All the three

Answer:

- (d) All the three

(1 mark)

(1 mark)

2016 - DECEMBER

1. Choose the correct answer from the given four alternatives:
 (ix) 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

Answer:

- (a) Moral suasion

(1 mark)

(1 mark)

(1 mark)

2017 - JUNE

1. (a) Choose the correct answer from the given four alternatives.
 (xvi) _____ account can be opened only by businessmen.

- (a) Current
- (b) Fixed Deposit
- (c) Recurring Deposit
- (d) Time Deposit

Answer:

- (a) Current

(1 mark)

(1 mark)

- (xvii) _____ is a qualitative credit control instrument used by the Central Bank.
- (a) Bank Rate Policy
 - (b) Moral Suasion
 - (c) Open Market Operations
 - (d) CCR

(1 mark)

Answer:

(b) Moral Suasion

- (xix) Financial markets are classified into Money Market and _____.
- (a) Bullion Market
 - (b) Capital Market
 - (c) Stock Market
 - (d) National Market

(1 mark)

Answer:

(b) Capital Market

- (xx) Commercial Paper was introduced in Indian money market in January _____.
- (a) 1990
 - (b) 1980
 - (c) 1970
 - (d) 1960

(1 mark)

Answer:

(a) 1990

2017 - DECEMBER

1. (a) Choose the correct answer from the given four alternatives.

(xvii) _____ Account can be opened by business persons only.

- (a) Current Deposit
- (b) Savings Deposit
- (c) Fixed Deposit
- (d) Recurring Deposit

(1 mark)

Answer:

(a) Current Deposit

(xviii) In India, Central Bank was established in _____.

- (a) 1945
- (b) 1955
- (c) 1935
- (d) 1965

(1 mark)

Answer:

- (c) 1935

(xix) _____ Market is the nerve centre of the financial system.

- (a) Money
- (b) Capital
- (c) Local
- (d) National

(1 mark)

Answer:

- (a) Money

(xx) Money Market is controlled by the _____.

- (a) Government
- (b) RBI
- (c) SBI
- (d) SEBI

(1 mark)

Answer:

- (b) RBI

2018 - JUNE

1. (a) Choose the correct answer from the given four alternatives.

(xvii) Traditional function of a commercial bank is _____.

- (a) issue of gift cheque
- (b) credit creation
- (c) providing locker facilities
- (d) acceptance of deposits

(1 mark)

Answer:

- (d) acceptance of deposits

- (xviii) _____ is one among the quantitative methods of credit control.
- (a) Bank Rate Policy
 - (b) Moral Suasion
 - (c) Direct Action
 - (d) Rationing of Credit
- (1 mark)**

Answer:

- (a) Bank Rate Policy

- (xix) Securities market in India is regulated by the _____.

- (a) Government
- (b) RBI
- (c) SEBI
- (d) SBI

(1 mark)

Answer:

- (c) SEBI

- (xx) Market is the nerve center of the financial system.

- (a) Money
- (b) Capital
- (c) Local
- (d) National

(1 mark)

Answer:

- (a) Money

2018 - DECEMBER

1. (a) Choose the correct answer from the given four alternatives.

(xvii) SDRs are used in place of _____.

- (a) commercial papers
- (b) gold
- (c) shares
- (d) company deposits

(1 mark)

Answer:

- (b) gold

of credit

(xviii) _____ is one among the qualitative credit control instruments used by the RBI.

- (a) Bank Rate Policy
 (b) Moral Suasion
 (c) Open Market Operations
 (d) Cash Reserve Ratio

mark)

(1 mark)

Answer:

(b) Moral Suasion

(xix) Money market is controlled by the _____.

- (a) RBI (b) Government
 (c) IDBI (d) IMF

mark)

(1 mark)

Answer:

(a) RBI

(xx) On the basis of functions, financial markets are classified into _____ types.

- (a) 5 (b) 4
 (c) 3 (d) 2

mark)

(1 mark)

Answer:

(a) 5

2019 - JUNE

1. (a) Choose the correct answer from amongst the four alternatives given (You may write only the Roman numeral and Alphabet chosen for your answer):

(xvi) Which one of the following functions of commercial banks include collection of cheques, drafts, bill of exchange etc. of their customers from other banks?

- (a) Agency Function
 (b) Creation of Credit
 (c) Payment of Loans and Advances
 (d) General Utility Function

k)

Answer:

(a) Agency Function

(1 mark)

(xvii) Which one of the following is the apex bank for agricultural credit in India?

- (a) RBI
- (b) IDBI
- (c) SIDBI
- (d) NABARD

Answer:

- (d) NABARD

(1 mark)

(xix) The rate at which the commercial banks borrow from the Reserve Bank of India is called as:

- (a) REPO
- (b) PLR
- (c) BPLR
- α (d) Bank rate.

Answer:

- (d) Bank rate.

(1 mark)

(xx) Commercial banks provide collateral loans against:

- (a) Government Security
- (b) Shares
- (c) Bills of Exchange
- (d) Commercial Paper.

Answer:

- (a) Government Security

(1 mark)

2022 - DECEMBER

1. Which of the following functions of the Central Bank includes buying and selling of government securities from or to the public?

- (a) Cash Reserve Requirements
- (b) Selective Quantitative Controls
- (c) Moral Suasion
- (d) Open Market Operations

(1 mark)

Answer:

- (d) Open Market Operations

2023 - JUNE

1. Certificate of deposits are issued by the banks to:

- (a) companies
- (b) PSUs
- (c) individuals
- (d) All of the above

(2 marks)

Answer:

- (a) companies

2. Which of the following is/are unsecured promissory notes?

- (a) Certificate of Deposits
- (b) Commercial Paper
- (c) Treasury Bills
- (d) All of the above

(2 marks)

Answer:

- (b) Commercial Paper

3. Which is the apex bank for agricultural credit in India?

- (a) IDBI
- (b) SIDBI
- (c) NABARD
- (d) RBI

(2 marks)

Answer:

- (c) NABARD

4. Capital market is controlled by the.

- (a) SBI
- (b) RBI
- (c) Government
- (d) SEBI

(2 marks)

Answer:

- (d) SEBI

5. Money market deals with the:

- (a) long-term credit
- (b) short-term credit

- (c) both (a) and (b)
- (d) None of the above

(2 marks)

Answer:

- (b) short-term credit

6. Commercial banks provide commercial loans against.

- (a) Government securities
- (b) Bonds
- (c) both (a) and (b)
- (d) none of the above

(2 marks)

Answer:

- (c) both (a) and (b)

2023 - DECEMBER

1. The EXIM Bank of India is wholly-owned by the _____.

- (a) Government of India
- (b) RBI
- (c) SBI
- (d) IDBI

(2 marks)

Answer:

- (a) Government of India

2. The RBI checks inflation by _____.

- (a) increasing the CRR
- (b) increasing the bank rate
- (c) both (a) and (b)
- (d) none of the above

(2 marks)

Answer:

- (c) both (a) and (b)

3. Money market includes _____.

- (a) Bills of Exchange
- (b) Treasury Bills
- (c) Government Securities
- (d) All the above

(2 marks)

Answer:

- (d) All the above

4. Money market is controlled by the _____.

- (a) SBI
(b) RBI
(c) Government of India
(d) IDBI

Answer:

(b) RBI

5. Manipulation in CRR enables the RBI to _____.

- (a) increase GDP
(b) check poverty
(c) check unemployment growth
(d) influence the lending ability of the commercial banks

Answer:

(d) influence the lending ability of the commercial banks

6. The IDA is affiliated to the _____.

- (a) IMF
(b) World Bank
(c) RBI
(d) Asian Development Bank

Answer:

(b) World Bank

7. The ICICI is a _____ sector bank.

- (a) private
(b) public
(c) joint
(d) none of the above

Answer:

(a) private

8. Special Drawing Right is the special currency issued by the _____.

- (a) IDBI
(b) IMF
(c) World Bank
(d) IFCI

Answer:

(b) IMF

6. Monetary policy is formulated by the _____.

- (a) RBI
- (b) Commercial banks
- (c) RRBs
- (d) Government of India

(2 marks)

Answer:

- (a) RBI

2024 - DECEMBER

1. _____ is a qualitative credit control instrument used by the Central Bank.

- (a) Bank rate policy
- (b) Rationing of credit
- (c) Open market operations
- (d) CRR

(2 marks)

Answer:

- (b) Rationing of credit

2. Manipulation in CRR enables the RBI to _____.

- (a) influence the lending ability of the commercial banks
- (b) check unemployment growth
- (c) check poverty
- (d) increase GDP

(2 marks)

Answer:

- (a) influence the lending ability of the commercial banks

3. Fiscal Policy in India is formulated by the _____.

- (a) RBI
- (b) SEBI
- (c) Finance Ministry
- (d) NABARD

(2 marks)

Answer:

- (c) Finance Ministry

4. EXIM bank is authorised to raise loan from the _____.
- (a) RBI (b) Govt. of India
 (c) international market (d) trading activities (2 marks)

Answer:

(c) international market

5. _____ is the mechanism for flow of funds from the surplus to the deficit units in the economy.

(a) Money Market (b) Stock Market
 (c) Regulated Market (d) Bullion Market (2 marks)

Answer:

(a) Money Market

6. Financial markets are classified into Money Market and _____.
- (a) Bullion Market (b) Capital Market
 (c) Stock Market (d) National Market (2 marks)

Answer:

(b) Capital Market

Paper 4 Fundamental of Business Economics and Management

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CHAPTER	Economic and Business Environment	
4		
THIS CHAPTER INCLUDES		
1. PESTEL (Political, Economic, Societal, Technological and Legal) Analysis	2. Emerging Dimensions of VUCAFU (Volatility, Uncertainty, Complexity, Ambiguity, Fear of Unknown and Unprecedentedness)	

PRACTICE QUESTIONS - QUESTIONS FROM CSEET

1. Profit is the only objective of all business firms:
- (a) True
 - (b) False
 - (c) Partly True
 - (d) Partly False

Answer:

2. Modern business is
- (a) Constant
 - (b) Profitable
 - (c) Dynamic
 - (d) Stable

Answer:

3. Features of business environment does not include:
- (a) Uncertainty
 - (b) Relativity
 - (c) Static Nature
 - (d) Specific and General forces

Answer:

4. Types of Business Environment includes the following:

- (a) Internal
- (b) External
- (c) Both (a) and (b)
- (d) None of the above

Answer:

5. Internal business environment does not include:

- (a) Man
- (b) Money
- (c) Marketing Resources
- (d) Government Policies.

Answer:

6. Environment factors which are within the control of business are known as :

- (a) Micro factors
- (b) Internal factors
- (c) Macro factors
- (d) External factors

Answer:

7. is a type of external environment.

- (a) Operating
- (b) General
- (c) Remote
- (d) All of the above.

Answer:

8. Micro factors are the factors that are in the company's immediate environment.

- (a) True
- (b) False
- (c) Partly True
- (d) None of the above

Answer:

9. Micro environmental factors can be described as close to a business that have a direct impact on its strategy.
- (a) External factors
 - (b) Internal factors
 - (c) Both (a) and (b)
 - (d) Competitive factors

14.

Answer:

10. Macro environment is also known as :
- (a) Task environment
 - (b) Remote environment
 - (c) Global environment
 - (d) Operating environment

15.

Answer:

11. factors affects the economy as a whole and are not particular to any organisation.
- (a) Micro
 - (b) Macro
 - (c) Internal
 - (d) None of the above

16.

Answer:

12. Change in technology, economic conditions, political and legal factors are factors.
- (a) Internal
 - (b) External
 - (c) Both (a) and (b)
 - (d) None of the above

17.

Answer:

13. A Business has absolute control on the _____.
- (a) Internal Environment
 - (b) External Environment
 - (c) Both (a) & (b)
 - (d) None of these.

18.

Answer:

107

108

14. Micro and Macro Environment is the part of _____.
- (a) Business Environment
 - (b) Internal Environment
 - (c) External Environment
 - (d) Both (b) & (c).

Answer:

15. Micro Environment is also known as:
- (a) Operating Environment
 - (b) Task Environment
 - (c) Both (a) and (b)
 - (d) Either (a) or (b).

Answer:

16. Financial Factors, Human Resource, Marketing Resource and Miscellaneous Factors are _____ Factors.
- (a) Micro
 - (b) Macro
 - (c) Internal
 - (d) External.

Answer:

17. _____ means the flexibility and adaptability of law and other legal rule governing the business.
- (a) Political Environment
 - (b) Legal Environment
 - (c) Technological Environment
 - (d) Both (a) and (b).

Answer:

18. Legislature, executive and the judiciary comes under the:
- (a) Political Environment
 - (b) Physical Environment
 - (c) Legal Environment
 - (d) Both (a) and (c).

Answer:

19. The matters relating to creating close linkages and letter in a mission/ vision Statement are:

- (a) Internal to organization
- (b) External to organization
- (c) Both (a) and (b)
- (d) Neither (a) nor (b)

Answer:

20. Which of the following is not covered by the organisation's Internal Environment?

- (a) Human Resource
- (b) R & D
- (c) Media
- (d) Management Structure

Answer:

21. The forces which are external but still have a direct bearing on the operations of the firm are called.

- (a) Micro Environment
- (b) Macro environment
- (c) Internal Environment
- (d) All of the above

Answer:

22. Customers, shareholders, competitors, etc. are the elements of:

- (a) Micro Environment
- (b) Internal environment
- (c) Macro Environment
- (d) None of the above

Answer:

23. Technology, Culture, Demographics etc. are the elements of:

- (a) Internal Environment
- (b) Micro Environment
- (c) Macro Environment
- (d) None of the above

Answer:

24. Th
(a)
(b)
(c)
(d)
A

25. V

26.

24. The size, density, distribution and growth rate of population is called:
 (a) Ecology
 (b) Habitat
 (c) Demographics
 (d) None of the above

Answer:

25. Which of the following is an element of Political environment?
 (a) Legislature
 (b) Judiciary
 (c) Executive
 (d) All of the Above

Answer:

26. Which of the following is not true in relation to the business environment?
 (a) It is beyond the organisational
 (b) It is a sum total of internal and external control factors
 (c) Organisation can remain insensitive to the business environment
 (d) It is dynamic in nature

Answer:

Answer

1	(b)	2	(c)	3	(c)	4	(c)	5	(d)	6	(a)&(b)
7	(d)	8	(a)	9	(b)	10	(b)	11	(b)	12	(d)
13	(a)	14	(c)	15	(c)	16	(c)	17	(b)	18	(a)
19	(b)	20	(c)	21	(a)	22	(a)	23	(c)	24	(c)
25	(d)	26	(c)								

PAST YEAR QUESTIONS AND ANSWERS**2016 - JUNE**

1. _____ is not part of External Environment analysis.

- (a) Analysing financial ratio
- (b) Studying the political environment
- (c) Analysis available technologies
- (d) Analysis social, cultural, demographic and geographic forces

(1 mark)

Answer:

- (a) Analysing financial ratio

2. Which of the following is a part of internal environment scanning?

- (a) Political environment
- (b) Customer preferences
- (c) Chain of command
- (d) Law and order

(1 mark)

Answer:

- (b) Customer preferences

2016 - DECEMBER

1. Which of the following is not correct?

- (a) Identification of possible threats does not help an organization to face the competition
- (b) Identification of possible threats helps an organization to grow even in competition
- (c) Identification of possible threats helps in taking corrective and improving measures to survive the competition

- (d) Identification of possible threats require thorough knowledge of business environment (1 mark)

Answer:

- (a) Identification of possible threats does not help an organization to face the competition
2. Generally the main reason behind starting a business is:
- | | |
|--------------------|-----------------------|
| (a) Social service | (b) Earning profits |
| (c) Earning name | (d) Spiritual reasons |
- (1 mark)

Answer:

- (b) Earning profits

2017 - JUNE

1. Key goal in the firm's growth phase is:

- (a) Expansion of sales
 (b) Expansion of capital
 (c) Cutting costs
 (d) Expansion of profit

Answer:

- (a) Expansion of sales

2. Competitors are a part of:

- (a) External business environment
 (b) Internal business environment
 (c) Both External and Internal environment
 (d) Neither External nor Internal environment

Answer:

- (a) External business environment

3. An activity which is related with continuous and regular production and distribution of goods and services for satisfying human wants is called:

- | | |
|----------------|------------------|
| (a) Production | (b) Distribution |
| (c) Service | (d) Business |

Answer:

- (d) Business

2017 - DECEMBER

1. Observing Business environmental changes on a continuous basis to ascertain the future value, is called:

- (a) Monitoring
(b) Assessing
(c) Forecasting
(d) Scanning

Answer:

- (c) Forecasting

(1 mark)

2018 - JUNE

1. In a business environment, which one of the following is not a political factor?

- (a) Tax policy
(b) Employment laws
(c) Environment regulations
(d) Exchange rate

Answer:

- (d) Exchange rate

(1 mark)

2019 - JUNE

1. Which one of the following is not a feature of business environment?

- (a) Dynamic building
(b) Image building
(c) Uncertainty
(d) Totally of external forces

Answer:

- (b) Image building

(1 mark)

2. Which of them is a object of a business that goes beyond earning profits?

- (a) An important institution in society
- (b) Creating job opportunities
- (c) Offering better quality of life
- (d) All of the above

(1 mark)

Answer:

- (d) All of the above

3. Types of business Environment:

- (a) Internal
- (b) External
- (c) Internal, External, General Specific
- (d) (a) and (b) both

(1 mark)

Answer:

- (d) (a) and (b) both

2020 - AUGUST

1. Which of the following is the only TRUE statement about Business Environment?

- (a) Business environment is dynamic and is constantly changing
- (b) The economic theory of supply and demand fully explains the business environment
- (c) Business Environment can be fully controlled by an individual firm
- (d) It is very easy to predict future happening in the business environment.

(1 mark)

Answer:

- (a) Business environment is dynamic and is constantly changing

2. Business environment includes both specific and general forces, which of the following is not one of the specific forces of business environment?

- (a) Technological Conditions
- (b) Customers

(c) Suppliers

(d) Investors

(1 mark)

Answer:

(a) Technological Conditions

3. Advertising of alcoholic beverages is banned in many countries of the world. This can be explained as an influence of:

(a) Legal Environment

(b) Technological Environment

(c) Economic Environment

(d) Social Environment

(1 mark)

Answer:

(a) Legal Environment

4. Business environment includes both specific and general forces. Which of the following is not one of the general forces of business environment?

(a) Political Environment

(b) Social Environment

(c) Investors

(d) Technological Environment

(1 mark)

Answer:

(c) Investors

5. Consider the following statements.

(i) Business environment is the sum total of all things internal to business firms.

(ii) Forces shaping the business environment are independent and unchanging in nature. So, business environment is easy to grasp in totality.

Which of the following is correct?

(a) Both (i) and (ii) are False

(b) Both (i) and (ii) are True

(c) (i) is True and (ii) is False

(d) (i) is False and (ii) is True.

(1 mark)

Answer:

(c) (i) is True and (ii) is False

2020 - NOVEMBER

- mark)
- of the
1. When shopping at a retail store a buyer pays a seller by e-wallet, the impact of the following dimension of business environment can be seen under:
- | | |
|---------------------------|-------------------------------|
| (a) Social environment | (b) Economic environment |
| (c) Political environment | (d) Technological environment |

(1 mark)

Answer:

- (d) Technological environment
2. The new market created for fast foods packaged foods and multiplexes in India is an example of which of the following business environment?
- | | |
|-------------------------------|---------------------------|
| (a) Social Environment | (b) Economic Environment |
| (c) Technological Environment | (d) Political Environment |

(1 mark)

Answer:

- (b) Economic Environment
3. Business environment is multidimensional with political environment as one of the dimensions. Which of the following are principal determinates of the political environment relevant to business operating in India?
- | |
|--|
| (a) Interest rates, inflation rates, changes in disposable income of people, stock market indices and the value of rupee |
| (b) Computerised information kiosks, product advertising on the World Wide Web, online ticket booking, e-commerce, advances in biotechnology |
| (c) Sudden change in the government, attitudes of elected government representatives towards businesses, peace and stability in the country. |
| (d) Popular festivals Diwali, Holi Dussehra, Eid-UI-Fitr, Christmas, Onam, Guru Parv. |

(1 mark)

Answer:

- (c) Sudden change in the government, attitudes of elected government representatives towards businesses, peace and stability in the country.

4. For a business firm selling goods, decision areas of selection of marketing intermediaries, managing levels of stock of goods, storage and transportation fall under:

- (a) Promotion
- (b) Pricing
- (c) Branding
- (d) Physical Distribution

(1 mark)

Answer:

- (d) Physical Distribution

2021 - JANUARY

1. For commercial advertising on doordarshan television channels in India, no advertisement that promotes cigarettes and tobacco products is permitted. Which dimension of business environment relates to this?

- (a) Legal environment
- (b) Economic environment
- (c) Technological environment
- (d) Social environment

(1 mark)

Answer:

- (d) Social environment

2. Impact of business environment differs from country to country and often differs between any two regions within the same country for example, demand for sarees differs between India and France. This feature of business environment is known as

- (a) Dynamic nature
- (b) Complexity
- (c) Relativity
- (d) Uncertainty

(1 mark)

Answer:

- (c) Relativity

2021 - MAY

1. Which of the following is the only FALSE statement about Business Environment?

- (a) It is very difficult to predict future happenings in the business environment
- (b) Business environment is dynamic and is constantly changing
- (c) Business environment is simple to understand in totality
- (d) Factors and forces in the business environment are beyond the control of a business enterprise (1 mark)

Answer:

(c) Business environment is simple to understand in totality

2. Political environment is one of the dimensions of business environment for business firms operating in India, which of the following are principal determinants of the political environment?

- (a) Computerised information kiosks, product advertising on the world wide web, online ticket booking
- (b) Sudden change in the government, attitudes of elected government representatives towards businesses, peace and stability in India
- (c) Popular festivals Diwali, Holi, Dussehra, Eid-UI-Fitr, Christmas, Onam, Guru Parv
- (d) Interest-rates, inflation rates, changes in disposable income of Indians, the value of rupee (1 mark)

Answer:

(b) Sudden change in the government, attitudes of elected government representatives towards businesses, peace and stability in India

3. Business environment includes both specific and general forces. Which of the following is one of the general forces of business environment?

- (a) Investors
- (b) Customers
- (c) Social environment
- (d) Suppliers (1 mark)

Answer:

(c) Social environment

4. Over the last 3 years, a country witnessed an increase in the proportion of the country's working - age female population actively engaged in the labour market. This proportion is also known as the labour force participation rate for women. The related dimension of business environment is.
- (a) Political environment (b) Social environment
(c) Economic environment (d) Legal environment **(1 mark)**

Answer:

(b) Social environment

5. Business environment includes both specific and general forces. Which of the following is NOT one of the general forces of business environment?
- (a) Competitors
(b) Social environment
(c) Political environment
(d) Technological environment **(1 mark)**

Answer:

(a) Competitors

6. Which of the following statements explains the characteristic of relativity of the business environment?
- (a) Elements of business environment are connected with each other and they influence each other
(b) It is difficult to make predictions about the future
(c) It keeps changing fast due to shifts in consumer preferences, entry of new competition and other reasons
(d) It differs between any two countries and often differs between any two regions within the country **(1 mark)**

Answer:

(a) Elements of business environment are connected with each other and they influence each other

7. For a business enterprise, household disposable income and household savings rate are factors of the.
- (a) Economic environment
(b) Technological environment

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- (c) Social environment
- (d) Political environment

Answer:

- (a) Economic environment

(1 mark)

8. Business environment consists of numerous interrelated and dynamic factors and forces arising from different sources. This makes business environment easy to understand in parts separately but difficult to understand in totally. Thus, it is hard to assess the extent of relative impact of social, economic, political, legal and technological dimensions on the change of market demand for a product. This characteristic of business environment is known as.

- (a) Dynamic Nature
- (b) Uncertainly
- (c) Relativity
- (d) Complexity

Answer:

- (d) Complexity

(1 mark)

9. For a business firm, business environment includes both specific and general forces. Which of the following is an example of a specific force?
- (a) Demand for reservation in jobs for minorities and women
 - (b) Action taken by the firm's investors and owners
 - (c) Demonetization implemented by Reserve Bank of India
 - (d) Government announcement of a cut in corporate tax rates for all business firms.

Answer:

- (b) Action taken by the firm's investors and owners

(1 mark)

10. Which of the following is an example of the impact to technological environment on business enterprises in India?
- (a) Abrupt fall in Indian share prices caused by an unexpected Lok Sabha Election result
 - (b) High demand for sweets, gifts and apparel during popular festivals of India
 - (c) Presence of a larger number of women in the workforce
 - (d) Payment through electronic payment wallets (e-wallets) by retail India consumers

Answer:

- (d) Payment through electronic payment wallets (e-wallets) by retail India consumers

(1 mark)

11. In 1996, the Supreme Court of India passed an order to close down polluting industrial units near the Taj Mahal in an attempt to prevent the historic monument from turning yellow. This is an example of the following dimension of business environment.

- (a) Legal Environment (b) Technological Environment
(c) Economic Environment (d) Political Environment (1 mark)

Answer:

- (c) Economic Environment

2021 - JULY

1. Indian domestic air travellers prefer to search for air connectivity between cities, check flight timings, destinations and ticket fare, through internet and book their tickets. This is an element of the following dimension of business environment.

- (a) Technological environment (b) Legal environment
(c) Social environment (d) Political environment (1 mark)

Answer:

- (a) Technological environment

2. Government of India's announcement of a cut in corporate tax rates for all Business firms in 2019 is an element of:

- (a) Legal environment (b) Social environment
(c) Technological environment (d) Political environment (1 mark)

Answer:

- (a) Legal environment

3. People's attitude towards work, life style, ethics, etc is a part of:

- (a) Economic Environment
(b) Socio - Cultural environment
(c) Global Environment
(d) Demographic Environment

(1 mark)

Answer:

- (b) Socio - Cultural environment

2021 - NOVEMBER

1. More and more customers at retail stores in India are making cashless payments through point of sale machines, e-wallets and other forms of digital cash. This growing trend is an impact of the :
- (a) economic environment (b) technological environment
(c) political environment (d) legal environment **(1 mark)**

Answer:

(b) technological environment

2. Internal banking has given customers of a bank the option to conduct a range of financial transactions through the Bank's internet website. This is an example of the:

- (a) political environment (b) economic environment
(c) social environment (d) technological environment

(1 mark)

Answer:

(d) technological environment

3. Financial sector reforms in India after 1991 led to the establishment of private sector banks, Indian as well as foreign. This is an example of the:
- (a) Legal environment (b) Social environment
(c) Political environment (d) Economic environment **(1 mark)**

Answer:

(c) Political environment

2022 - JANUARY

1. Construction Companies and automobile manufacturers have found out that periods of low long term interest rates are marked by increased spending by consumers in homes and cars. This can be explained by:
- (a) Political environment of business
(b) Social environment of business

- (c) Economic environment of business
 - (d) Legal environment of business
- (1 mark)**

Answer:

2. Which of the following is an example of the impact of technological environment on business enterprises in India?
- (a) High demand for sweets, gifts and approved during popular festivals of India
 - (b) Under Consumer Protection Act, 2019 an Indian consumer has the right to file a complaint for a defective good
 - (c) Abrupt fall in Indian share prices caused by an unexpected Lok Sabha Election result
 - (d) Replacement of typewriters by computer based word processors
- (1 mark)**

Answer:

3. Business environment includes both specific and general forces which of the following is the ONLY specific force having impact an India's hotel industry?
- (a) Growth in domestic tourism due to India's rising disposable income
 - (b) Focus on developing medical tourism in tourism policy of the Government of India
 - (c) Suppliers of food and beverages to hotels in India
 - (d) Licenses and registration required for opening a hotel in India

(1 mark)

Answer:

4. Attitudes towards lifestyles, consumer preferences, composition of family and consumption habits are elements of the:
- (a) Political environment
 - (b) Economic environment
 - (c) Social environment
 - (d) Technological environment

(1 mark)

Answer:

- (b) Economic environment

5. Which of the following is the only FALSE Statement about Business Environment?
- Factors and forces in the business environment are beyond the control of an individual business enterprise
 - Governments consumer groups, Courts and the media form part of the business environment
 - Business environment is simple to understand in totality
 - Business environment is dynamic and is continuously changing

(1 mark)

Answer:

(c) Business environment is simple to understand in totality

6. Which of the following is an example of the impact of the legal environment on business enterprises of India?
- Rise in disposable income of people leading to increase in demand for products and services
 - A repair increase in the number of working women
 - November 2016 demonetisation by the Reserve Bank of India in which the two largest denomination currency notes, ₹ 500 and ₹ 1,000 were 'demonetised'
 - Under Consumer Protection Act, 2019, an Indian Consumer has the right to file a complaint for a defective good.

(1 mark)

Answer:

(d) Under Consumer Protection Act, 2019, an Indian Consumer has the right to file a complaint for a defective good.

7. Entry of new competitors, technological improvement and shifts in consumer preferences are some of the factors that lead to continuous and ongoing changes in the business environment. This characteristic of the business environment is known as:
- Uncertainty
 - Complexity
 - Dynamic nature
 - Interrelated nature

Answer:

(c) Dynamic nature

(1 mark)

8. Interest rates, inflation rates, changes in disposable income of people stock market indices and the value of the Indian rupee compared to other currency are important determinants of the:
- (a) social environment of business
 - (b) economic environment of business
 - (c) legal environment of business
 - (d) political environment of business

(1 mark)

Answer:

- (b) economic environment of business
9. Consider the following statements :
- (i) Study of the business environment by managers helps a business firm to identify threats and early warning signals
 - (ii) Study of the business environment by managers helps a business firm to identify opportunities and to get the first mover advantage

Which of the following is CORRECT ?

- (a) Both (i) and (ii) are TRUE
- (b) (i) is TRUE and (ii) is FALSE
- (c) (i) is FALSE and (ii) is TRUE
- (d) Both (i) and (ii) are FALSE

(1 mark)

Answer:

- (a) Both (i) and (ii) are TRUE
10. In November 2016 when the Reserve Bank of India 'demonetized' the two largest denomination notes ₹ 500 and ₹ 1,000. Indian business firms experienced the impact of :

- (a) social environment of business
- (b) economic environment of business
- (c) legal environment of business
- (d) political environment of business

(1 mark)

Answer:

- (c) legal environment of business
11. Which of the following is an example of the impact of the technological environment of India?

- (a) The Statutory warning 'Cigarette smoking is injurious to health' Printed on each pack of cigarettes.
- (b) Sudden change in the government.

- (c) Shift in booking of tickets of Indian Railways from over the counter mode to online mode.
- (d) Trend forwards health and fitness among many urban Indians. (1 mark)

Answer:

- (c) Shift in booking of tickets of Indian Railways from over the counter mode to online mode.
12. In online shopping, a buyer connects to the internet, evaluator alternatives and purchase a product which dimension of business environment is this an example of ?
- (a) Economics environment
- (b) Social environment
- (c) Political environment
- (d) Technological environment (1 mark)

Answer:

- (d) Technological environment
13. The extent and nature of government intervention in business is an element of the following dimension of business environment
- (a) Social environment
- (b) Economic environment
- (c) Political environment
- (d) Legal environment (1 mark)

Answer:

- (c) Political environment
14. Business environment includes both specific and general forces. Which of the following is the ONLY specific force having impact on Indian drugs and pharmaceuticals manufacturing business?
- (a) Government of India's amendment of existing Foreign Direct Investment (FDI) Policy to allow FDI UP to 100% under the automatic route for Greenfield pharmaceutical projects
- (b) Suppliers of Packaging materials to Indian drugs and pharmaceuticals manufacturers
- (c) High economic growth and increasing penetration of health insurance leading to rise in expenditure on medicine in India.

- (d) Government of India's June 2021 announcement of production linked incentive scheme to promote domestic manufacturing of active pharmaceutical ingredients. **(1 mark)**

Answer:

- (a) Government of India's amendment of existing Foreign Direct Investment (FDI) Policy to allow FDI UP to 100% under the automatic route for Greenfield pharmaceutical projects

2022 - JUNE

1. The primary objective of the monetary policy of the Reserve Bank of India (RBI) is to maintain 4 percent Consumer Price Index (CPI) inflation target with an upper tolerance limit of 6 percent and the lower tolerance limit of 2 percent under the flexible inflation targeting framework. Which dimension of the business environment pertains to this action of RBI?
- (a) Technological Environment (b) Legal Environment
(c) Social Environment (d) Economic Environment **(1 mark)**

Answer:

- (d) Economic Environment
2. One of the dimensions of the business environment is the political environment. Which of the following are Principal determinants of the political environment for business firms operating India?
- (a) Interest rates, inflation rates, changes in disposable income of Indians, the value of rupee.
(b) Sudden change in the government representatives towards businesses, peace and stability in India.
(c) Computerised information looks, Product advertising on the world wide web online ticket booking.
(d) Popular festivals Diwali, Holi, Dussehra, Eid-ul-Fitr, Christmas, Onam, Guru Parv. **(1 mark)**

Answer:

- (b) Sudden change in the government representatives towards businesses, peace and stability in India.

3. There is increased spending by consumers for buying homes and cars with the reduction in long term interest by banks the following dimension of the business environment can explain this

- (a) Technology Environment
- (b) Economic Environment
- (c) Political Environment
- (d) Legal Environment.

Answer:

(1 mark)

- (b) Economic Environment
4. Consider the following statements
- (i) Business environment is the sum total of all things external to business firms.
 - (ii) Forces shaping the business environment are independent and unchanging in nature so, business environment is easy to group in totality

Which of the following is CORRECT?

- (a) (i) is TRUE and (ii) is FALSE
- (b) Both (i) and (ii) are TRUE
- (c) Both (i) and (ii) are FALSE
- (d) (i) is FALSE and (ii) is TRUE.

Answer:

(1 mark)

- (a) (i) is TRUE and (ii) is FALSE
5. Due to many reasons such as technological changes, shifts in consumers preferences, entry of new competitors, and so on, the business environment keeps continuously changing with time, this property of the business environment is known as -

- (a) Uncertainty
- (b) Interrelated nature
- (c) Dynamic nature
- (d) Complexity

Answer:

(1 mark)

- (c) Dynamic nature

6. The business environment includes both specific and general forces for an Indian domestic food business which of the following constitutes a specific force ?
- (a) Birth and death, rates in India
 - (b) Indian law enforcing green dot for every vegetarian food and beverage.
 - (c) Suppliers of its raw materials
 - (d) Per capita income in India.

(1 mark)

Answer:

(d) Per capita income in India.

7. The decline in income tax rates people's disposable income leading to an increase in demand for products and services. The following dimension of the business environment can explain this -

- (a) Political Environment
- (b) Technological Environment
- (c) Social Environment
- (d) Economic Environment

(1 mark)

Answer:

(d) Economic Environment

8. Consider the following statements -

- (i) A firm is enabled to identify opportunities when it understands the business environment opportunities refer to external environment trends and changes that hinder a firm's performance.
- (ii) The business environment includes both general and specific forces General forces influence individual enterprises directly and immediately. While specific forces may indirectly affect a business firm.

Which of the following is CORRECT ?

- (a) (i) is FALSE and (ii) is TRUE
- (b) Both (i) and (ii) are FALSE
- (c) Both (i) and (ii) are TRUE
- (d) (i) is TRUE and (ii) is FALSE

(1 mark)

Answer:

(c) Both (i) and (ii) are TRUE

2023 - JUNE

1. _____ is not a dimension of the VUCAFU world.

- (a) Volatility (b) Uncertainty
(c) Complexity (d) Unpreparedness (2 marks)

Answer:

(d) Unpreparedness

2. FERA has been replaced by.

- (a) FENA (b) FINA
(c) FEMA (d) None of the above (2 marks)

Answer:

(c) FEMA

3. Porter's Five Forces Model does not include:

- (a) rival sellers
(b) substitute products
(c) bargaining power of employees
(d) bargaining power of suppliers (2 marks)

Answer:

(c) bargaining power of employees

4. In the Indian money market, who are the main borrowers of short-term funds?

- (a) Central government (b) State governments
(c) Local bodies (d) All of the above (2 marks)

Answer:

(d) All of the above

5. The internal business environment includes factors like:

- (a) capital structure
(b) management structure
(c) business philosophy
(d) All of the above (2 marks)

Answer:

(d) All of the above

6. The term PESTEL does not include:
- (a) technological factors
 - (b) legal factors
 - (c) economic factors
 - (d) population factors
- (2 marks)

Answer:

(d) population factors

7. Demographic environment includes:
- (a) age structure
 - (b) geographic distribution
 - (c) distribution of income
 - (d) All of the above
- (2 marks)

Answer:

(d) All of the above

8. The micro business environment does not include:
- (a) firms and consumers
 - (b) market and competitors
 - (c) economy
 - (d) both (a) and (b)
- (2 marks)

Answer:

(c) economy

9. SWOT analysis does not include:
- (a) strengths
 - (b) weaknesses
 - (c) opinions
 - (d) threats
- (2 marks)

Answer:

(c) opinions

2023 - DECEMBER

1. The macro-business environment does not include _____.
- (a) technological environment
 - (b) global environment
 - (c) economic environment
 - (d) marketing intermediaries
- (2 marks)

Answer:

(d) marketing intermediaries

2. The term PESTEL does not include _____.
- (a) employment factors (b) legal factors
(c) socio-cultural factors (d) political factors

Answer:

- (a) employment factors

3. SWOT analysis does not include _____.

- (a) strengths
(b) workers
(c) opportunities
(d) threats

Answer:

- (b) workers

4. _____ is not a dimension of the VUCAFU world.

- (a) Volatility
(b) Uncertainty
(c) Conformity
(d) Ambiguity

Answer:

- (c) Conformity

5. Porter's Five Forces Model does not include _____.

- (a) bargaining power of buyers
(b) new entrants
(c) bargaining power of suppliers
(d) bargaining power of workers

Answer:

- (d) bargaining power of workers

6. The internal business environment does not include _____.

- (a) role of competitors
(b) management structure
(c) business philosophy
(d) capital structure

Answer:

- (a) role of competitors

(2 marks)

(2 marks)

(2 marks)

(2 marks)

(2 marks)

7. Economic environment includes _____.
- (a) money market
 - (b) labour market
 - (c) availability of raw materials
 - (d) all the above

(2 marks)

Answer:

- (d) all the above

8. Which of the following institutions has been pivotal to the emergence of the digital payment ecosystem in India?

- (a) Reserve Bank of India
- (b) National Payments Corporation of India
- (c) State Bank of India
- (d) Industrial Credit and Investment Corporation of India

(2 marks)

Answer:

- (b) National Payments Corporation of India.

2024 - JUNE

1. _____ environment is beyond the control of the business.
- (a) Internal
 - (b) External
 - (c) Micro
 - (d) Human Resources

(2 marks)

Answer:

- (b) External

2. _____ environment does not form part of an organisation's micro environment.

- (a) Intermediaries
- (b) Customers
- (c) Legal
- (d) Suppliers

(2 marks)

Answer:

- (c) Legal

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3. External business environment has been classified into ____ groups.
(a) 2 (b) 3
(c) 4 (d) 5 (2 marks)

Answer:

(a) 2

4. The term "T" in SWOT analysis stands for _____.
(a) Transparency (b) Total Revenue
(c) Threat (d) Transaction (2 marks)

Answer:

(c) Threat

5. The term "S" in PESTEL stands for _____.
(a) Strength (b) Social
(c) Sustainability (d) Safety (2 marks)

Answer:

(b) Social

6. _____ Factors represent the demographic characteristics, norms, customs and values of the population within which the organisation operates.
(a) Political
(b) Social
(c) Economic
(d) Environmental (2 marks)

Answer:

(b) Social

2024 - DECEMBER

1. _____ environment is within the control of the business.
(a) Internal (b) External
(c) Micro (d) Macro (2 marks)

Answer:

(a) Internal

2. Select the internal components which influence business decisions.

- (a) Culture
 - (b) Mission
 - (c) Objectives
 - (d) All of the above
- (2 marks)**

Answer:

- (d) All of the above

3. The term "P" in PESTEL stands for _____.

- (a) Policy
- (b) Political
- (c) Power
- (d) Project

(2 marks)

Answer:

- (b) Political

4. The term "W" in SWOT analysis stands for _____.

- (a) Work
- (b) Weather
- (c) Weaknesses
- (d) Will power

(2 marks)

Answer:

- (c) Weaknesses

5. Opportunities and Threats are related to _____.

- (a) external environment
- (b) internal environment
- (c) micro environment
- (d) None of the above

(2 marks)

Answer:

- (a) external environment

6. Task environment is also known as _____ environment.

- (a) short-term
- (b) macro
- (c) internal
- (d) long-term

(2 marks)

Answer:

- (a) short-term

CHAPTER	Introduction to Management and its Process
5A	

THIS CHAPTER INCLUDES

- | | |
|---|---------------------------|
| 1. Introduction to Management | 5. Staffing and Leading |
| 2. Stewardship Theory and Agency Theory of Management | 6. Communication |
| 3. Planning | 7. Co-ordination |
| 4. Organizing | 8. Collaboration |
| | 9. Monitoring and Control |

PAST YEAR QUESTIONS AND ANSWERS

2015 - MARCH

1. Which of the following management substitutes is characterized by formalization, inflexibility, and closely knit work groups?
- (a) Characteristics of subordinates.
 (b) Characteristics of managers.
 (c) Characteristics of the organization.
 (d) Characteristics of task. (1 mark)

Answer:

- (c) Characteristics of the organization.
2. When a candidate for a position is asked general, open-ended job related questions, they are experiencing what type of interview?
- (a) Unstructured Interview
 (b) Relaxed Interview

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- (c) Unorganized Interview
- (d) Structured Interview.

(1 mark)

Answer:

3. (a) Unstructured Interview
- "To understand communication in a meeting, we need to investigate the roles, personalities and values of every participant, as well as review the minutes taken and actions resulting from previous meetings." Which of Trenholm's perspectives is described here?
- (a) Socio-psychological
 - (b) Cybernetic
 - (c) Psychosocial
 - (d) Pragmatic

(1 mark)

Answer:

- (a) Socio-psychological

2015 - JUNE

1. "To understand communication in a meeting, we need to investigate the roles, personalities and values of every participant, as well as review the minutes taken and actions resulting from previous meetings." Which of Trenholm's perspectives is described here?

- (a) Socio-psychological
- (b) Cybernetic
- (c) Psychosocial
- (d) Pragmatic.

(1 mark)

Answer:

- (d) Pragmatic.

2. The process by which a sender transmits content is known as:

- (a) Encoding
- (b) Decoding
- (c) Feedback
- (d) Receiver.

(1 mark)

Answer:

- (a) Encoding

Chapter 5A: Introduction to Management
2015 - SEPTEMBER

1. Henry Fayol divided all activities of industrial undertakings into group:
- (a) Technical Final
 - (b) Security Psychological
 - (c) Financial Security
 - (d) Accounting, Managerial
- (1 mark)**

Answer:

- (b) Security Psychological
2. Following steps are not involved in organizing:
- (a) Determination of activities of the enterprise keeping in view its objectives.
 - (b) Classification of such activities in convenient groups for the purpose of division.
 - (c) Assignment of these group of activities to Individuals.
 - (d) Centralisation of Authority.
- (1 mark)**

Answer:

- (d) Centralisation of Authority.
3. Changing a task to make it inherently more rewarding, motivating and satisfying is called:
- (a) Job rotation
 - (b) Enlargement
 - (c) Job enrichment
 - (d) Feedback
- (1 mark)**

Answer:

- (c) Job enrichment
4. Which of the following is not one of the four primary management functions?
- (a) Controlling
 - (b) Planning
 - (c) Staffing
 - (d) Organizing
- (1 mark)**

Answer:

- (c) Staffing

2015 - DECEMBER

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1. Scientific management focuses on a _____ approach to motivation:
 - (a) Social Economic
 - (b) Human
 - (c) Rational Economic
 - (d) None of the above

Answer:

(c) Rational Economic

(1 mark)
 2. Modern Techniques of control includes:
 - (a) Network Analysis
 - (b) Statistical Control
 - (c) Internal Audit
 - (d) Break- even Analysis.

Answer:

(a) Network Analysis

(1 mark)
 3. Directing is:
 - (a) The guidance
 - (b) The Inspiration
 - (c) The Leadership
 - (d) All of the above

Answer:

(d) All of the above

(1 mark)
 4. Elements of direction excludes:
 - (a) Supervision
 - (b) Motivation
 - (c) Planning
 - (d) Communication

Answer:

(c) Planning

(1 mark)

2016 - MARCH

1. Taylors thoughts was based on studies at:
- (a) The Arsenal
 - (b) The Watertown Steel Corporation
 - (c) The Bethlehem Steel Corporation
 - (d) The American Steel Arsenal

(1 mark)

Answer:

2. Which of the following types of plans is highly interdependent and must take into account the resources and capabilities of the entire organization and its external environments?
- (a) Operational plans
 - (b) Strategic plans
 - (c) Tactical plans
 - (d) Budgetary plans

(1 mark)

Answer:

- (b) Strategic plans

2016 - JUNE

1. Which organization is characterized by very formal rules, centralized authority, and narrow spans of control?
- (a) Boundary less
 - (b) Matrix
 - (c) Virtual
 - (d) Bureaucracy

(1 mark)

Answer:

- (d) Bureaucracy

2. Who p

(a) El

(c) F.

Ans

(d) M

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(c) T

(d) U

6.

2. Who proposed "bureaucratic structure" is suitable for all organization

- _____
- (a) Elton Mayo
(c) F.W.Taylor

- (b) Henry Fayol
(d) Max Weber

(1 mark)

Answer:

- (d) Max Weber

3. Which of the following is part of the 14 principles of management identified by Henri Fayol?

- (a) Scalar Chain
(b) Innovation
(c) Efficiency
(d) Motivation

(1 mark)

Answer:

- (a) Scalar Chain

4. Taylor put forward the idea of _____.

- (a) purposeful foremanship
(b) motivational foremanship
(c) functional foremanship
(d) social foremanship

(1 mark)

Answer:

- (c) functional foremanship

5. Which of the following is not an element of the management process?

- (a) Pricing
(c) Planning
- (b) Staffing
(d) Leading

(1 mark)

Answer:

- (a) Pricing

6. _____ Plans have clearly defined objectives.

- (a) Directional
(b) Flexible
(c) Specific
(d) Standing

(1 mark)

Answer:

- (c) Specific

7. A budget is what type control?

- (a) Standard
- (b) Process
- (c) Division
- (d) Financial

(1 mark)

Answer:

- (d) Financial

8. _____ reduces uncertainty.

- (a) Negotiating
- (b) Planning
- (c) Organizing
- (d) Leading

(1 mark)

Answer:

- (b) Planning

2016 - DECEMBER

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

(i) The book "Principles of Scientific Management" was written by

- (a) F.W. Taylor
- (b) Henry Fayol
- (c) Max Weber
- (d) Simon

(1 mark)

Answer:

- (a) F.W. Taylor

(ii) Henry Fayol classified industrial activities into _____ groups.

- (a) 2
- (b) 3
- (c) 4
- (d) 5

(1 mark)

Answer:

- (d) 5

(iii) _____ is the basic to all other managerial functions.

- (a) Controlling (b) Planning
(c) Organising (d) Directing

(1 mark)

Answer:

(b) Planning

(v) _____ refers to the introduction of a person to the job and the organisation.

- (a) Selection
(b) Training
(c) Induction
(d) Placement

(1 mark)

Answer:

(c) Induction

(vi) In an informal organisation, the related pattern of communication is _____.

- (a) upward
(b) downward
(c) formal
(d) grapevine

(1 mark)

Answer:

(d) grapevine

2017 - JUNE

8. (a) Choose the correct answer from the given four alternatives.

(i) The concept of 'Management by Objectives' was introduced by _____.

- (a) Frederick Herzberg
(b) F.W. Taylor
(c) Elton Mayo
(d) Peter F. Drucker

(1 mark)

Answer:

(d) Peter F. Drucker

- (ii) Bureaucracy Theory was invented by:
(a) Elton Mayo (b) Henri Fayol
(c) Max Weber (d) Peter Drucker

Answer:

(c) Max Weber

(1 mark)

- (iii) Under Fayol's 14 Principles of Management, which one of the following factor is related to Esprit de Corps?

- (a) Division of Work (b) Team Work
(c) Personal Ability (d) Personal Interest

Answer:

(b) Team Work

(1 mark)

- (iv) According to Fayol's 14 Principles of Management, Division of Work is necessary:

- (a) to enjoy the benefits of specialization.
(b) to give orders to sub-ordinates.
(c) to receive orders from superior.
(d) to ask for obedience.

(1 mark)

Answer:

(a) to enjoy the benefits of specialization.

- (v) Which one of the following is not the characteristic of Planning?

- (a) Planning is flexible.
(b) Planning is pervasive.
(c) Planning is goal-oriented.
(d) Planning is a discreet function.

(1 mark)

Answer:

(d) Planning is a discreet function.

- (vi) Which one of the following examples is not included in the intangible premises of Planning?

- (a) Public Relations
(b) Employee Morale
(c) Labour Hours
(d) Competitive Strength

(1 mark)

Answer:

(c) Labour Hours

- (vii) Management is a:
(a) Discreet process. (b) Continuous process.
(c) One-way process. (d) Two-way process. (1 mark)

Answer:

(b) Continuous process.

- (viii) Which one of the following is not a function of management?

- (a) Grouping
(b) Planning
(c) Staffing
(d) Leading

(1 mark)

Answer:

(a) Grouping

- (ix) Controlling involves:

- (a) determining the objectives.
(b) identifying the activities for the creation of departments.
(c) directing the people towards accomplishment of common goals.
(d) setting standards of performance. (1 mark)

Answer:

(d) setting standards of performance.

- (x) Which one of the following is not a Technique of Control?

- (a) Management Audit
(b) Management by Objectives
(c) Management Information System
(d) Break-even Analysis

(1 mark)

Answer:

(b) Management by Objectives

- (xi) Direction is a:

- (a) Discreet process.
(b) Continuous process.
(c) One-way process.
(d) Circular process.

(1 mark)

Answer:

(b) Continuous process.

(xii) In the case of selecting candidates in an organization, the first step is _____.

- (a) Preliminary Interview
- (b) Background Investigation
- (c) Blank Application
- (d) Medical Examination

(1 mark)

Answer:

- (c) Blank Application

(xiii) Which one of the following methods is included in the 'off-the-job' Training?

- (a) Coaching
- (b) Role Playing
- (c) Apprenticeship Training
- (d) Vestibule Training.

(1 mark)

Answer:

- (b) Role Playing

(xiv) The last step of 'Staffing Process' is:

- (a) Training of Development
- (b) Placement and Induction.
- (c) Recruitment.
- (d) Selection.

(1 mark)

Answer:

- (a) Training of Development

(xviii) When communication flows from top to bottom, that is known as:

- (a) Upward Communication
- (b) Downward Communication
- (c) Horizontal Communication
- (d) Formal Communication

(1 mark)

Answer:

- (b) Downward Communication

(xix) 'Grapevine' is:

- (a) well-defined communication systems consisting of formal memos, reports. etc.
- (b) channels of communication in an informal organization.

(c) social interactions which take place among different types of people.

(d) the telegraph wires strung over trees across the battlefield.

(1 mark)

Answer:

(b) channels of communication in an informal organization.

2017 - DECEMBER

8. (a) Choose the correct answer from the given four alternatives.

(i) _____ is the father of Management.

- (a) Fayol
- (b) Drucker
- (c) Taylor
- (d) David

Answer:

(b) Drucker

(iii) Fayol viewed management as a process consisting of _____ functions which every manager performs.

- (a) 4
- (b) 5
- (c) 6
- (d) 7

Answer:

(b) 5

(iv) Corporate Planning is done by the _____.

- (a) Top-level Management
- (b) Lower-level Management
- (c) Middle-level Management
- (d) Consultant

Answer:

(a) Top-level Management

(v) _____ refers to training conducted away from actual work setting.

- (a) Conference Method of Training
- (b) Coaching
- (c) Job Rotation
- (d) Vestibule Training

Answer:

(1 mark)

(d) Vestibule Training

(vi) _____ involves interpretation of the message by the receiver.

- (a) Encoding
- (b) Decoding
- (c) Feedback
- (d) Medium

Answer:

(1 mark)

(b) Decoding

(vii) _____ is that managerial function which analyses the alternatives available.

- (a) Planning
- (b) Organising
- (c) Directing
- (d) Staffing

Answer:

(1 mark)

(a) Planning

(viii) _____ is the essence of Management.

- (a) Decentralisation
- (b) Span of Management
- (c) Training
- (d) Planning

Answer:

(1 mark)

(d) Planning

(ix) _____ refers to the process of passing information from one person to another.

- (a) Planning
- (b) Communication
- (c) Controlling
- (d) Motivation

Answer:

(1 mark)

(b) Communication

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8. (a) Cho

(i)

(x) Which one of the following is not related to Control?

- (a) To fix the standard
- (b) To measure the actual performance
- (c) To find out the deviation
- (d) To communicate

(1 mark)

Answer:

- (d) To communicate

(xi) Which one of the following was suggested by Fayol?

- (a) Management by Exception
- (b) Unity of Direction
- (c) Delegation of Authority
- (d) Centralisation

(1 mark)

Answer:

- (b) Unity of Direction

(xii) Which one of the following is not a part of the communication process?

- (a) Encoding
- (b) Decoding
- (c) Medium
- (d) Situation

(1 mark)

Answer:

- (d) Situation

2018 - JUNE

8. (a) Choose the correct answer from the given four alternatives.

(i) Father of the Principles of Management is _____.

- (a) Drucker
- (b) Terry
- (c) Fayol
- (d) Taylor

(1 mark)

Answer:

- (c) Fayol

- (ii) Management is the art of _____.
- (a) managing customers
 - (b) making super-normal profit
 - (c) keeping competitors under pressure
 - (d) getting things done by groups of people
- (1 mark)**
- Answer:**
(d) getting things done by groups of people
- (iii) Scientific Management is concerned with _____.
- (a) co-operation, not individualism
 - (b) increased production through long experience
 - (c) application of scientific principles to the management of production
 - (d) increased sales
- (1 mark)**
- Answer:**
(c) application of scientific principles to the management of production
- (iv) _____ is an intellectual process.
- (a) Controlling
 - (b) Planning
 - (c) Organising
 - (d) Directing
- (1 mark)**
- Answer:**
(b) Planning
- (v) Management by objectives was introduced by _____.
- (a) Fayol
 - (b) Taylor
 - (c) Maslow
 - (d) Drucker
- (1 mark)**
- Answer:**
(d) Drucker
- (vi) The military organisation leads to _____.
- (a) specialisation
 - (b) unified control
 - (c) over loading
 - (d) over dependence
- (1 mark)**
- Answer:**
(b) unified control

(vii) Which one of the following is not a barrier to effective communication?

- (a) Selective Perception
- (b) Defensiveness
- (c) Emotions
- (d) Filtering

(1 mark)

Answer:

- (b) Defensiveness

(viii) _____ refers to the introduction of a person to the job and the organisation.

- (a) Induction
- (b) Selection
- (c) Recruitment
- (d) Placement

(1 mark)

Answer:

- (a) Induction

(ix) _____ is the use of influence to motivate employees to achieve organisational goals.

- (a) Planning
- (b) Organising
- (c) Leading
- (d) Motivating

(1 mark)

Answer:

- (c) Leading

(x) The purpose of control is to _____.

- (a) fix standard
- (b) measure actual performance
- (c) find out deviation
- (d) (a) (b) and (c)

(1 mark)

Answer:

- (d) (a) (b) and (c)

(xi) _____ is that managerial function which initiates organised action.

- (a) Directing
- (b) Organising
- (c) Leading
- (d) Motivating

(1 mark)

Answer:

- (a) Directing

(xii) The elements of the management process are known as the _____ of management.

- (a) functions
- (b) nature
- (c) concept
- (d) scope

(1 mark)

Answer:

- (a) functions

(xv) Concurrent Control is also known as _____.

- (a) Feedback Control
- (b) Feed forward Control
- (c) Steering Control
- (d) Critical Point Control

(1 mark)

Answer:

- (c) Steering Control

2018 - DECEMBER

8. (a) Choose the correct answer from the given four alternatives.

(i) _____ is called as the father of Scientific Management.

- (a) Henri Fayol
- (b) F. W. Taylor
- (c) Max Weber
- (d) Elton Mayo

(1 mark)

Answer:

- (b) F. W. Taylor

(ii) Administrative function is the _____ managerial function.

- (a) top-level
- (b) middle-level
- (c) lower-level
- (d) supervisory-level

(1 mark)

Answer:

- (a) top-level

- (iii) _____ form the basis for the functioning of an organisation.
- (a) Profits (b) Objectives
(c) Policies (d) Strategies (1 mark)

Answer:

- (c) Policies
- (iv) _____ is a means to an end.
- (a) Organising (b) Planning
(c) Controlling (d) Coordinating (1 mark)

Answer:

- (c) Controlling
- (v) _____ is the foundation of most successful actions of all enterprises.
- (a) Controlling
(b) Planning
(c) Organising
(d) Directing (1 mark)

Answer:

- (b) Planning
- (vi) _____ process is called a negative process.
- (a) Training
(b) Placement
(c) Selection
(d) Induction (1 mark)

Answer:

- (c) Selection
- (vii) Control by Exception is also known as _____.
- (a) Management by Exception
(b) Management by Objectives
(c) Decision-making
(d) Management Information System (1 mark)

Answer:

- (a) Management by Exception

(viii) _____ is concerned with the total manner in which a manager influences the actions of subordinates.

- (a) Planning (b) Organising
(c) Directing (d) Staffing

(1 mark)

Answer:

(c) Directing

(ii)

(ix) _____ is the essence of management.

- (a) Directing (b) Coordinating
(c) Controlling (d) Planning

(1 mark)

Answer:

(b) Coordinating

(x) _____ refers to the process of passing information from one person to another and its understanding.

- (a) Planning (b) Communicating
(c) Controlling (d) Motivating

(1 mark)

Answer:

(b) Communicating

(iii)

(xi) _____ defines management as the process of getting things done by and through others.

- (a) Hicks (b) Massie
(c) Fayol (d) Drucker

(1 mark)

Answer:

(a) Hicks

(iv)

2019 - JUNE

8. (a) Choose the correct answer from amongst the four alternatives given (You may write only the Roman numeral and Alphabet chosen for your answer):

(vi)

(i) Which one of the following is not included in Scientific Management technique?

- (a) Division of labour
(b) Scientific selection

- (c) Training and placement of workers
- (d) Hierarchical structure.

(1 mark)

Answer:

- (d) Hierarchical structure.
- (ii) Under Fayol's fourteen Principles of Management, which one of the following factor is related with Esprit de Corps?

- (a) Division of work
- (b) Team work
- (c) Personal ability
- (d) Personal interest.

(1 mark)

Answer:

- (b) Team work
- (iii) In the organizations, reporting relationship is a function of:

- (a) Planning
- (b) Organizing
- (c) Leading
- (d) Controlling.

(1 mark)

Answer:

- (b) Organizing
- (iv) Which one of the following is not included in 'The Managerial Activities'?

- (a) Commanding
- (b) Controlling
- (c) Accounting
- (d) Organizing.

(1 mark)

Answer:

- (c) Accounting
- (vi) Which one of the following is not correct in case of planning?

- (a) Planning is goal oriented
- (b) Planning is pervasive
- (c) Planning is discreet function
- (d) Planning is flexible.

(1 mark)

Answer:

- (c) Planning is discreet function

(viii) 'Cybernetics' relates to:

- (a) Feed-back control
- (b) Feed-forward control
- (c) Steering control
- (d) Critical point control.

Answer:

(a) Feed-back control

(1 mark)

(ix) Directing is a:

- (a) Discreet process
- (b) Continuous process
- (c) One-way process
- (d) Circular process.

Answer:

(b) Continuous process

(1 mark)

(xiii) Which one of the following techniques does not imply 'On-the-job training' method?

- (a) Apprenticeship training
- (b) T-group training
- (c) Vestibule training
- (d) Self-improvement programmes

Answer:

(c) Vestibule training

(1 mark)

(xvi) Channels of communication in an informal organization is know as:

- (a) Grapevine.
- (b) Gangplank.
- (c) Upward communication.
- (d) Downward communication.

Answer:

(a) Grapevine.

(1 mark)

(xvii) When communication flows from top to bottom is known as:

- (a) Upward communication.
- (b) Downward communication.
- (c) Horizontal communication.
- (d) Formal communication.

Answer:

(b) Downward communication.

(1 mark)

8. (a)

2019 - DECEMBER

8. (a) Choose the correct answer from the given four alternatives.
- (i) The concept of 'Management by Objectives' was introduced by:
- (a) Frederick Herzberg
 - (b) F.W. Taylor
 - (c) Elton Mayo
 - (d) Peter F. Drucker
- (1 mark)**

Answer:

- (c) Elton Mayo
- (ii) Scalar Chain denotes:
- (a) a Production Process
 - (b) an Appraisal Process
 - (c) Span of the Management
 - (d) authority from the highest to the lowest ranks
- (1 mark)**

Answer:

- (d) authority from the highest to the lowest ranks
- (iii) Which one of the following examples is not included in the intangible premises of planning?
- (a) Public Relations
 - (b) Employee Morale
 - (c) Labour Hours
 - (d) Competitive Strength
- (1 mark)**

Answer:

- (a) Public Relations
- (iv) Which one of the following elements is odd with Weber's Six Major Principles?
- (a) Hierarchical Structure
 - (b) Unity of Command
 - (c) "In-focused" Mission
 - (d) Technical Qualifications
- (1 mark)**

Answer:

- (d) Technical Qualifications

(vi) In the case of selecting candidates in an organization, the first step is:

- (a) Preliminary Interview
- (b) Background Investigation
- (c) Blank Application
- (d) Medical Examination

(1 mark)

Answer:

- (a) Preliminary Interview

(vii) Reporting relationship is a step of:

- (a) Planning
- (b) Organizing
- (c) Leading
- (d) Controlling

(1 mark)

Answer:

- (d) Controlling

(viii) All the following principles are included in 'Directing' except:

- (a) Harmony of Objectives
- (b) Unity of Command
- (c) Coordination
- (d) Follow up.

(1 mark)

Answer:

- (b) Unity of Command

(ix) Controlling involves:

- (a) Determining the Objectives
- (b) Setting Standards of Performance
- (c) Identifying Activities for the Creation of Departments.
- (d) Directing the People towards Accomplishment of Common Goals.

(1 mark)

Answer:

- (b) Setting Standards of Performance

(x) 'No news is good news' relates to:

- (a) Historical Feedback Control
- (b) Predictive Feed Forward Control
- (c) Critical Point Control
- (d) Control by Exception

(1 mark)

Answer:

- (d) Control by Exception

1. A
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(b)
(c)
(d)
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- the first
- (xv) Which one of the following methods is included in the 'off-the-job-training'?
- (a) Coaching
 - (b) Case Studies
 - (c) Apprenticeship Training
 - (d) Vestibule Training
- (1 mark)

Answer:

(d) Vestibule Training

- (xvii) Which one of the following is not the merit of Oral Communication?
- (a) Authenticity
 - (b) Effective
 - (c) Easy Communication
 - (d) Instant Feedback
- (1 mark)

Answer:

(a) Authenticity

- (xix) Flow of Communication among the same level of people is known as:
- (a) Upward Communication
 - (b) Downward Communication
 - (c) Horizontal Communication
 - (d) Formal Communication
- (1 mark)

Answer:

(c) Horizontal Communication

2022 - DECEMBER

1. All the following are barriers to effective communication except:

- (a) Selective perception
- (b) Interpersonal trust
- (c) Time pressures
- (d) Emotions

Answer:

(b) Interpersonal trust

(1 mark)

2. Which of the following is not a 'on the job training' method?
 (a) Group Discussions
 (b) Self Improvement Programmes
 (c) Coaching
 (d) Job Rotation

(1 mark)

Answer:

- (a) Group Discussions

3. Selection is a :

- (a) vertical process (b) positive process
 (c) negative process (d) passive process

(1 mark)

Answer:

- (c) negative process

4. Coordination must start in the Preliminary stages of

- (a) Planning
 (b) Staffing
 (c) Directing
 (d) Communication

(1 mark)

Answer:

- (a) Planning

5. Which one of the following characteristics signifies Management as an Art?

- (a) Experimentation and observation
 (b) Universally accepted principles
 (c) Test of validity
 (d) Perfection through practice

(1 mark)

Answer:

- (d) Perfection through practice

6. Operative level comprises of :

- (a) Middle-level and Lower-level management
 (b) Top-level and Lower-level management
 (c) Top-level and Middle-level management
 (d) Only Lower-level management

(1 mark)

Answer:

- (a) Middle-level and Lower-level management

7. Concurrent
 (a) Critical
 (b) Feed-
 (c) Real-
 (d) Feed-

Answer:

- (c) Real-

- 8.

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- (a) Supp

- (b) Partic

- (c) Laiss

- (d) Auth

Answer:

- (c) Laiss

9. Who was

- (a) F.W.

- (c) Max

Answer:

- (c) Max

10. Which o

- (a) Prom

- (b) Emp

- (c) Tran

- (d) Pres

Answer:

- (b) Emp

11. Who pro

- (a) Elto

- (c) F.W.

Answer:

- (d) Max

7. Concurrent control is called:

- (a) Critical-point control
- (b) Feed-forward control
- (c) Real-time control
- (d) Feed-back control

(1 mark)

Answer:

- (c) Real-time control

8. _____ is a type of leadership in which the leader serves as a liaison and relinquishes his leadership position

- (a) Supportive leadership
- (b) Participative leadership
- (c) Laissez faire leadership
- (d) Authorization leadership

(1 mark)

Answer:

- (c) Laissez faire leadership

9. Who was the developer of the 'Bureaucratic Theory of Management'?

- (a) F.W.Taylor
- (b) M.C. Gregor
- (c) Max Weber
- (d) Henry Fayol

(1 mark)

Answer:

- (c) Max Weber

10. Which of the following is not an internal source of recruitment?

- (a) Promotion of Employees
- (b) Employment exchange
- (c) Transfer of Employees
- (d) Present employee on Payroll

(1 mark)

Answer:

- (b) Employment exchange

11. Who proposed "bureaucratic structure" is suitable for all organization

- (a) Elton Mayo
- (c) F.W.Taylor

- (b) Henry Fayol
- (d) Max Weber

(1 mark)

Answer:

- (d) Max Weber

2023 - JUNE

1. Which one of the following is not an external source of recruitment?
(a) Walk-in interview (b) Advertisement
(c) Employment exchange (d) Transfer (2 marks)
Answer:
(d) Transfer
2. From the Latin word _____, the term 'communication' has developed.
(a) communicate (b) communis
(c) common (d) communique (2 marks)
Answer:
(b) communis
3. Span of Management is also known as.
(a) Span of Activity
(b) Span of Planning
(c) Span of Control
(d) all of the above (2 marks)
Answer:
(c) Span of Control
4. Setting objectives is a part of:
(a) control
(b) planning
(c) co-ordination
(d) organising (2 marks)
Answer:
(b) planning
5. The idea of 'Management as a Science' focuses on:
(a) personal skill
(b) experimentation
(c) intuition
(d) none of the above (2 marks)
Answer:
(a) personal skill

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6. In the early stages of _____, the process of co-ordination must begin.
- (a) organising (b) controlling
(c) planning (d) staffing

(2 marks)

Answer:

- (c) planning

recruitment?

(2 marks)

7. _____ is not a step in the staffing process.

- (a) Man-power Planning (b) Education
(c) Selection (d) Training and Development

(2 marks)

Answer:

- (b) Education

has developed.

(2 marks)

8. _____ is not an agency cost.

- (a) Concurrent loss (b) Bonding cost
(c) Residual loss (d) Monitoring cost

(2 marks)

Answer:

- (a) Concurrent loss

9. _____ observed that 'Management is what a Manager does'.

- (a) Fayol (b) Taylor
(c) Allan (d) Terry

(2 marks)

Answer:

- (c) Allan

(2 marks)

2023 - DECEMBER

(2 marks)

1. "Management is a multi-purpose organ that manages a business and manages managers and manages workers and work". This definition of management was given by _____.

- (a) Schulze
(b) Drucker
(c) Massie
(d) Wheeler

(2 marks)

Answer:

- (b) Drucker

(2 marks)

The idea of 'Management as an Art' focuses on _____.

- (a) observation
- (b) individual skill
- (c) cause-effect relationship
- (d) none of the above

(2 marks)

Answer:

- (b) individual skill

Leader's stewardship choice can facilitate reciprocal stewardship behaviour from the employee. Who made this observation?

- (a) Jensen & Meckling
- (b) Koontz
- (c) Pearson & Marler
- (d) Clough

(2 marks)

Answer:

- (c) Pearson & Marler.

4. _____ developed the Agency Theory.

- (a) Follett
- (b) Jensen & Fama
- (c) Hicks & Gullet
- (d) Mayo

(2 marks)

Answer:

- (b) Jensen & Fama

5. _____ is a limitation of planning.

- (a) Goal-orientation
- (b) Rigidity
- (c) Flexibility
- (d) Pervasiveness

(2 marks)

Answer:

- (b) Rigidity

6. Which one of the following is off-the-job training?

- (a) Job-rotation
- (b) Role playing
- (c) Apprenticeship
- (d) None of the above

(2 marks)

Answer:

- (b) Role playing.

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- (c) I

7. Which one of the following is involved in the process of organising?

- (a) Identifying alternatives
- (b) Analysing opportunities
- (c) Forecasting
- (d) Delegation of Authority

(2 marks)

Answer:

- (d) Delegation of Authority.

8. Which one of the following is the carrier of message sent by one person to another?

- (a) Decoding
- (b) Feedback
- (c) Encoding
- (d) Medium

(2 marks)

Answer:

- (d) Medium.

9. In the entire process of management, coordination must be there from _____.

- (a) planning to leadership
- (b) organising to control
- (c) planning to control
- (d) none of the above

(2 marks)

Answer:

- (c) planning to control

2024 - JUNE

1. Stewardship theory was developed in _____.

- (a) 1997
- (b) 1999
- (c) 2001
- (d) 2003

(2 marks)

Answer:

- (a) 1997

2. Which of the following is not an agency cost?
(a) Residual loss (b) Bonding costs
(c) Concurrent loss (d) Monitoring costs (2 marks)

Answer:

(c) Concurrent loss

3. _____ is concerned with marshalling the human and other resources of the organisation.

- (a) Planning (b) Directing
(c) Controlling (d) Organising (2 marks)

Answer:

(d) Organising

4. _____ stated that management is the art of getting things done through people.

- (a) Louis Allen
(b) Marry Parker Follet
(c) Henri Fayol
(d) Peter Drucker (2 marks)

Answer:

(b) Marry Parker Follet

5. Determining the time sequence of a job is called_____.

- (a) Planning
(b) Forecasting
(c) Scheduling
(d) Objective (2 marks)

Answer:

(c) Scheduling

6. Which of the following is an 'on the job' training method?

- (a) Conference
(b) Sensitivity Training
(c) Position Rotation
(d) Brainstorming (2 marks)

Answer:

(c) Position Rotation

7. _____ is what a communicator is communicating.

- (a) Message
- (b) Medium
- (c) Decoding
- (d) Encoding

Answer:

- (a) Message

(2 marks)

2024 - DECEMBER

1. 86. There are _____ major functions of management.

- (a) two
- (b) three
- (c) four
- (d) five

Answer:

- (d) five

(2 marks)

87. The concept of Scientific Management has focused mainly on the _____ function.

- (a) sales
- (b) accounting
- (c) production
- (d) finance

Answer:

- (c) production

(2 marks)

90. The first step in the process of staffing is _____.

- (a) procurement of personnel
- (b) development of personnel
- (c) compensation of personnel
- (d) placement of personnel

Answer:

- (a) procurement of personnel

(2 marks)

91. One who receives information in any communication process is known as _____.

- (a) communicator
- (b) sender
- (c) communicatee
- (d) None of the above

(2 marks)

Answer:

- (c) communicatee

92. _____ involves the selection of language in which the message is to be given.

- (a) Feedback
- (b) Decoding
- (c) Encoding
- (d) Medium

(2 marks)

Answer:

- (c) Encoding

93. The Stewardship Theory states that a steward protects and maximises the shareholders' wealth through the firm's _____.

- (a) performance
- (b) production
- (c) profit
- (d) sales

(2 marks)

Answer:

- (a) performance

94. Post-control is also known as _____.

- (a) Feedback control
- (b) Concurrent control
- (c) Pre-control
- (d) Feed-forward control

(2 marks)

Answer:

- (a) Feedback control

CHAPTER	Organisation Structure, Responsibility, Accountability and Authority	
5B		
THIS CHAPTER INCLUDES		
1. Organisation Structure 2. Responsibility	3. Accountability and Delegation of Authority	

PAST YEAR QUESTIONS AND ANSWERS

2015 - MARCH

1. What is the term used to define the number of subordinates directly controlled by a manager?
- (a) Division management
 (b) Departmentation
 (c) Investment span
 (d) Span of management.

(1 mark)

Answer:
 (d) Span of management.

2015 - JUNE

1. A _____ refers to the authority and responsibility for achieving the major goals of the organisation.
- (a) Line position
 (b) Staff position

- (c) Line a
 (d) None
Answer:
 (a) Line
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- (c) Line authority
- (d) None of the given options.

(1 mark)

Answer:

- (a) Line position
2. Which of the following is a factor that affects delegation of authority from the delegants aspect?

- (a) Love for authority
- (b) Fear of exposure
- (c) Experiences of the superior
- (d) Fear of criticism.

(1 mark)

Answer:

- (d) Fear of criticism.

2015 - DECEMBER

1. Divorce of management from ownership lead to:

- (a) Centralisation of management
- (b) Professionalization of Management
- (c) Decentralisation of Management
- (d) Conservation.

(1 mark)

Answer:

- (c) Decentralisation of Management
2. A threatened strike action by a labour union to force the management to accept their demands is an example of which of the following power?

- (a) Referent power
- (b) Legitimate power
- (c) Reward power
- (d) Coercive power

(1 mark)

Answer:

- (d) Coercive power

2016 - MARCH

1. Which kind of organisational structure combines a vertical chain of command with horizontal reporting requirements?

- (a) Line authority (b) Matrix
(c) Functional (d) Line-and-staff. (1 mark)

Answer:

- (b) Matrix

2016 - DECEMBER

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

(iv) _____ flows from top level to bottom level management.

- (a) Authority (b) Responsibility
(c) Accountability (d) Performance of work (1 mark)

Answer:

- (a) Authority

2017 - JUNE

8. (a) Choose the correct answer from the given four alternatives.

(xvi) Coercive Power is the

- (a) power of grant or withhold the rewards to others.
(b) power to punish others for not carrying out orders.
(c) power of dominance over other through specialized knowledge.
(d) power of attracting peoples towards a person himself or herself. (1 mark)

Answer:

- (b) power to punish others for not carrying out orders.

- (xx) 'Responsibility is the duty.' It was propounded by _____.
- (a) Elton Mayo (b) Peter Drucker
(c) Chester Barnard (d) M.E.Hurtley

(1 mark)

Answer:

- (d) M.E.Hurtley

2017 - DECEMBER

8. (a) Choose the correct answer from the given four alternatives.
(ii) _____ is the chain of the superiors existing from the highest authority to the lowest ranks.

- (a) Unity of Command
(b) Unity of Direction
(c) Scalar Chain
(d) Authority

(1 mark)

Answer:

- (c) Scalar Chain

- (xiii) _____ is necessary to take decisions to guide the actions of others.

- (a) Authority
(b) Planning
(c) Centralisation
(d) Responsibility

(1 mark)

Answer:

- (a) Authority

- (xiv) _____ is the process of entrusting part of the work by the superior to his/her subordinates.

- (a) Centralisation
(b) Accountability
(c) Delegation of Authority
(d) Responsibility

(1 mark)

Answer:

- (c) Delegation of Authority

(xv) _____ flows from the lower-level management to the top-level management.

- (a) Authority
- (b) Responsibility
- (c) Centralisation
- (d) Decentralisation

Answer:

(b) Responsibility

(1 mark)

2018 - JUNE

8. (a) Choose the correct answer from the given four alternatives.

(xiii) Authority is derived from _____.

- (a) position
- (b) seniority
- (c) technical competence
- (d) qualifications

Answer:

(a) position

(1 mark)

(xiv) _____ power is derived from the formal position of a person in the organisation.

- (a) Social
- (b) Coercive
- (c) Expert
- (d) Legitimate

Answer:

(d) Legitimate

(1 mark)

(xv) Dispersal of authority throughout the organisation is _____.

- (a) Delegation of Authority
- (b) Decentralisation of Authority
- (c) Wide Span of Control
- (d) None of (a), (b) and (c)

Answer:

(b) Decentralisation of Authority

(1 mark)

2018

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(y)

(z)

8. (a) Choose the correct answer from the given four alternatives.
(xii) _____ has defined authority as the power to take decisions which guide the actions of others.

- (a) Simon
- (b) Barnard
- (c) Terry
- (d) Taylor

Answer:

- (a) Simon

(1 mark)

(xiii) _____ flows from the top-level management to the bottom-level management.

- (a) Authority
- (b) Performance
- (c) Responsibility
- (d) Accountability

Answer:

- (a) Authority

(1 mark)

(xiv) _____ power is the ability to punish others for not carrying out orders.

- (a) Reward
- (b) Legitimate
- (c) Expert
- (d) Coercive

Answer:

- (d) Coercive

(1 mark)

(xv) The process of assigning work to others and giving them authority to do that is _____.

- (a) controlling
- (b) organising
- (c) delegating authority
- (d) directing

Answer:

- (c) delegating authority

(1 mark)

2019 - JUNE

8. (a) Choose the correct answer from amongst the four alternatives given (You may write only the Roman numeral and Alphabet chosen for your answer):

(xii) Referent power is the

- (a) Power of ability to grant or withhold the rewards to others
- (b) Power of ability to punish others for not carrying out orders
- (c) Power of dominance over others through specialized knowledge
- (d) Power of attracting peoples towards a person himself or herself. **(1 mark)**

Answer:

- (d) Power of attracting peoples towards a person himself or herself.

2019 - DECEMBER

8. (a) Choose the correct answer from the given four alternatives.

(xi) Authority is

- (a) Right to do Something.
- (b) Ability to do Something
- (c) Derived from Many Sources
- (d) Not visible from Organizational Chart **(1 mark)**

Answer:

- (a) Right to do Something.

2022 - DECEMBER

1. Authority is

- (a) Illegitimate
- (b) Ability to do something

- (c) Narrow concept
- (d) Right to do something

(1 mark)

Answer:

- (d) Right to do something

2. _____ is called as Delegation of Authority to the maximum possible extent.

- (a) Decentralization
- (b) Unity of command
- (c) Span of control
- (d) Centralization

(1 mark)

Answer:

- (a) Decentralization

2023 - JUNE

1. Laws to be considered by a business organisation are:

- (a) employment laws
- (b) copyright and patent laws
- (c) health and safety laws
- (d) All of the above

(2 marks)

Answer:

- (d) All of the above

2. Delegation of Authority takes place between:

- (a) superior and superior at the same level.
- (b) superior and subordinate.
- (c) subordinates and peers.
- (d) all of the above

(2 marks)

Answer:

- (b) superior and subordinate.

3. _____ considers that profit maximisation is the main objective of a business organisation.

- (a) Stewardship theory
- (b) Shareholder theory

- (c) Stakeholder theory
- (d) Agency theory

Answer:

- (d) Agency theory

(2 marks)

2023 - DECEMBER

1. For the _____ executives, decentralisation of authority helps in reduction of the workload.

- (a) top level
- (b) middle level
- (c) lower level
- (d) none of the above

(2 marks)

Answer:

- (a) top level

2. _____ represents the maximum number of subordinates which can be supervised by a supervisor.

- (a) Scalar Chain
- (b) Unity of Objective
- (c) Unity of Command
- (d) Span of Control

(2 marks)

Answer:

- (d) Span of Control

2024 - JUNE

1. _____ is the process of dividing the work of the organisation into various units or departments.

- (a) Departmentation
- (b) Delegation of Authority
- (c) Decentralisation of Authority
- (d) Responsibility

(2 marks)

Answer:

- (a) Departmentation

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- (c) Dele

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Answer:

- (c) D

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- (a) C
- (b) D
- (c) C
- (d) D

Answer:

- (c) C

2. _____ is the process of entrusting part of the work by the superior to his/her subordinates.
- (a) Centralisation of Authority
 - (b) Responsibility
 - (c) Delegation of Authority
 - (d) Accountability
- (2 marks)**

Answer:

(c) Delegation of Authority

3. Management may force workers to call off a strike by giving an ultimatum that otherwise they will be suspended. This is the use of _____ power.
- (a) Reward power
 - (b) Expert power
 - (c) Referent power
 - (d) Coercive power
- (2 marks)**

Answer:

(b) Expert power

2024 - DECEMBER

1. _____ involves a system within an organization in which the top, middle, and lower levels of management participate in decision-making.
- (a) Centralisation of Authority
 - (b) Delegation of Authority
 - (c) Decentralisation of Authority
 - (d) Responsibility
- (2 marks)**

Answer:

(c) Decentralisation of Authority

95. Effective _____ increases the interactions among the managers and the subordinates.
- (a) Centralisation of Authority
 - (b) Decentralisation of Authority
 - (c) Communication
 - (d) Delegation of Authority
- (2 marks)**

Answer:

(c) Communication

96. _____ flows from lower-level management to top-level management.
- (a) Authority (b) Responsibility
(c) Centralisation of Authority (d) Decentralisation of Authority
- (2 marks)**

Answer:

- (b) Responsibility

Paper 4 Fundamental of Business Economics and Management		
Feedback	I Need More	Scanner Preparation Key
		
Scan to Share your Experience	Scan for Quick Assistance	Scan & go to "My Books"

Understanding Organisation Structure

- Organisation structure defines how tasks and responsibilities are divided and coordinated.
- Types of structures: hierarchical, flat, matrix, and functional.
- Responsibility refers to the duty to perform tasks assigned by the organisation.
- Accountability ensures individuals are answerable for their responsibilities.

CHAPTER

5C**Leadership and Motivation****THIS CHAPTER INCLUDES**

1. Leadership and Motivation

2. Concepts and Theories

PAST YEAR QUESTIONS AND ANSWERS**2015 - MARCH**

1. The functional approach to leadership emphasises that:
- the various functions of leadership cannot be shared among members of a group
 - leadership resides in a particular person and not in the functions
 - both of the above
 - neither of the above
- (1 mark)**

Answer:

(d) neither of the above

2. In _____ theory management assumes that employees may be ambitious, self-motivated, and anxious to accept greater responsibility, and exercise self-control, self-direction, autonomy and empowerment.

- Theory Y manager
- Theory X manager
- Theory Z manager
- All of the above

(1 mark)**Answer:**

(a) Theory Y manager

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3. In Two Factor theory, "Salary" coming under _____.
- (a) Satisfiers (b) Maintenance factors
(c) Both of these (d) None of above a and b. (1 mark)

Answer:

- (b) Maintenance factors
4. _____ leadership emphasize on rules and regulation in an organization.
- (a) Democratic (b) Autocratic
(c) Laissez-faire (d) Bureaucratic (1 mark)

Answer:

- (d) Bureaucratic
5. Which of the following is not a contingency theory of leadership?
- (a) LPC theory (b) Path Goal theory
(c) Vroom-Yetton-Jago theory (d) Job centered Leadership (1 mark)

Answer:

- (d) Job centered Leadership
6. Research in the styles of leadership preferred by different generations was completed by Arsenault (2004). What was the style of leadership that Generation X was found to prefer?
- (a) Directive (b) Authoritarian
(c) Participative (d) Egalitarian (1 mark)

Answer:

- (d) Egalitarian

2015 - JUNE

1. The theory that individuals act depending upon their evaluation of whether their effort will lead to good performance, whether good performance will be followed by a reward and whether that reward is attractive to them, is called:

- (a) Equity Theory (b) Expectancy Theory
(c) Empirical Theory (d) Outcome Theory. (1 mark)

Answer:

- (b) Expectancy Theory

2015 - SEPTEMBER

1. Which of the following is an environmental force that shapes personality:
- (a) Gender (b) Height
(c) Experience (d) Brain size
- (1 mark)**

Answer:

(c) Experience

2. Path - goal model of leadership was introduced of:

- (a) Martin Evans & Robert House
(b) Fred Fielder
(c) Robert House
(d) Whetton

(1 mark)

Answer:

(a) Martin Evans & Robert House

3. Monistic theory of motivation is based upon the notion that man is essentially _____.

- (a) Economic
(b) Non - Economic
(c) Emotional
(d) None of the above.

(1 mark)

Answer:

(a) Economic

4. Ali is a manager in a multinational organisation. He believes that employees of the company are lazy and so not have much ambition. Ali can be classed as _____ manager based on the perspectives of Douglas McGregor.

- (a) Theory Y
(b) Bureaucratic
(c) Theory X
(d) Administrative

(1 mark)

Answer:

(c) Theory X

2015 - DECEMBER

sonality:

(1 mark)

1. Maslow's "basic needs" are also known as:
- (a) Social needs
 - (b) Esteem needs
 - (c) Safety needs
 - (d) Psychological needs

(1 mark)

Answer:

(1 mark)

- (d) Psychological needs
2. Scarcity of resources leads to:
- (a) Unsatisfaction of human wants
 - (b) Evaluation of alternative uses of scarce resources
 - (c) Both
 - (d) None

(1 mark)

man is

Answer:

(1 mark)

- (d) None
3. According to Herzberg, the key to true job satisfaction and motivation to perform lies in the:
- (a) Hygiene factors
 - (b) Motivatoos
 - (c) Job itself
 - (d) Both (b) and (c)

(1 mark)

ves that

Answer:

ition. Ali
ctives of

(d) Both (b) and (c)

(1 mark)

4. Individual - level independent variables include all the following except:
- (a) Leadership
 - (b) Learning
 - (c) Perception
 - (d) Motivation

(1 mark)

Answer:

(a) Leadership

2016 - MARCH

5.

1. Kets de Vries (1996) identified that most successful leaders perform two roles. What are these roles?

- (a) Charismatic and architectural
- (b) Tough and supportive
- (c) Directive and mentoring
- (d) Intellectual and coaching

(1 mark)

Answer:

- (a) Charismatic and architectural

2. Whilst there is no consensus as to what global leadership competencies are there is agreement as to what according to Neary and O' Grady?

- (a) Lead change
- (b) Internal and external networking
- (c) Management style
- (d) The need to develop managers through such an approach

(1 mark)

Answer:

- (d) The need to develop managers through such an approach

3. Which of the following would be classified by Herzberg as a hygiene factor:

- (a) Responsibility
- (b) Company policy
- (c) Personal growth
- (d) Achievement

(1 mark)

Answer:

- (b) Company policy

4. Concern for employee motivation is most closely associated with which of the following management approach?

- (a) Bureaucracy
- (b) Organizational behaviour
- (c) Scientific management
- (d) Systems

(1 mark)

Answer:

- (b) Organizational behaviour

6.

1.

2.

5. Which of the following is not a contingency theory of leadership?

- (a) LPC theory
- (b) Path goal theory
- (c) Vroom-yetton-jago theory
- (d) Job Centered leadership

(1 mark)

Answer:

(d) Job Centered leadership

6. This is a supervisory style which involves high - directive - high supportive behaviour (HD-HS) and is appropriate when interacting with moderate-capability employees

- (a) Autocratic style
- (b) Participative style
- (c) Consultative style
- (d) Laissez - faire style

(1 mark)

Answer:

(c) Consultative style

2016 - JUNE

1. Which of the following would be classified by Herzberg as a hygiene factor _____.

- (a) Responsibility
- (b) Company policy
- (c) Personal growth
- (d) Achievement

(1 mark)

Answer:

(b) Company policy

2. The leader's behaviours actually makes the leader's style.

- (a) True
- (b) False

(1 mark)

Answer:

(a) True

3. ERG theory was introduced by _____.
- (a) Clayton Alderfer
 - (b) Mc Clelland
 - (c) Douglas McGregor
 - (d) J. Stacey Adams
- (1 mark)**

Answer:

- (a) Clayton Alderfer

4. Hygiene factors are _____.
- (a) Satisfiers
 - (b) Maintenance factors
 - (c) Defectors
 - (d) All of these
- (1 mark)**

Answer:

- (a) Satisfiers

5. According to _____ employees love work as play or rest.
- (a) X Theory
 - (b) Y Theory
 - (c) Z Theory
 - (d) None of these
- (1 mark)**

Answer:

- (b) Y Theory

6. In _____ in fact "No leadership at all".
- (a) Democratic
 - (b) Autocratic
 - (c) Laissez faire
 - (d) Bureaucratic
- (1 mark)**

Answer:

- (c) Laissez faire

2016 - DECEMBER

1. Choose the correct answer from the given four alternatives:
- (vii) Motivation is a
- (a) Psychological process
 - (b) Mental process
 - (c) Social process
 - (d) All of the above
- (1 mark)**

Answer:

- (d) All of the above

(viii) Need based theory of motivation was developed by:

- (a) McGregor (b) Elton Mayo
(c) Maslow (d) Peter Drucker

(1 mark)

(1 mark)

Answer:

- (c) Maslow

1 mark)

2017 - JUNE

8. (a) Choose the correct answer from the given four alternatives.

(xv) Leadership is the process of exerting influence on:

- (a) Customers. (b) Competitors.
(c) Suppliers. (d) Group Members.

mark)

(1 mark)

Answer:

- (d) Group Members.

(xvii) Which one of the following needs is missing in the 'Hierarchy of Needs' theory?

- (a) Psychological needs
(b) Physiological needs
(c) Safety needs
(d) Wealth needs

mark)

(1 mark)

Answer:

- (a) Psychological needs

2017 - DECEMBER

8. (a) Choose the correct answer from the given four alternatives.

(xvii) _____ process is an interplay of three elements - the leader, the follower and the situation.

- (a) Control (b) Motivation
(c) Leadership (d) Planning

ark)

(1 mark)

Answer:

- (c) Leadership

(xviii) _____ has modified the Hierarchy of Needs Theory of motivation.

- (a) Vroom (b) McGregor
(c) Herzberg (d) McClelland (1 mark)

Answer:

(d) McClelland

(xix) There can be no leadership without _____.

- (a) managers
(b) sub-ordinates
(c) followers
(d) supervisors (1 mark)

Answer:

(c) followers

2018 - JUNE

8. (a) Choose the correct answer from the given four alternatives.
(xvi) _____ leadership is a compromise between laissez fair and autocratic leadership.

- (a) Persuasive
(b) Democratic
(c) Institutional
(d) Free Rein (1 mark)

Answer:

(b) Democratic

(xvii) _____ of motivation is also known as Two-factor Theory of Motivation.

- (a) Maslow's Theory
(b) Herzberg's Theory
(c) McGregor's Theory
(d) Vroom's theory (1 mark)

Answer:

(b) Herzberg's Theory

(xviii) _____ leader exercises complete control over the subordinates.

- (a) Autocratic
- (b) Democratic
- (c) Participative
- (d) Free Rein

(1 mark)

Answer:

- (a) Autocratic

2018 - DECEMBER

8. (a) Choose the correct answer from the given four alternatives.

(xvi) Under _____ leadership system, goals are set and work-related decisions are taken by the subordinates.

- (a) exploitative
- (b) benevolent
- (c) authoritarian
- (d) democratic

(1 mark)

Answer:

- (d) democratic

(xvii) _____ propounded the need-based theory of motivation.

- (a) Vroom
- (b) Porter
- (c) Maslow
- (d) McGregor

(1 mark)

Answer:

- (c) Maslow

(xviii) Autocratic leadership is also known as _____ leadership.

- (a) authoritarian
- (b) democratic
- (c) free rein
- (d) participative

(1 mark)

Answer:

- (a) authoritarian

2019 - JUNE

8. (a) Choose the correct answer from amongst the four alternatives given (You may write only the Roman numeral and Alphabet chosen for your answer):

(xiv) Which leadership style permits quick decision making?

- (a) Democratic Style
- (b) Laissez-Fair Leadership
- (c) Authoritarian Leadership
- (d) None of the above

(1 mark)

Answer:

(c) Authoritarian Leadership

(xviii) An individual's degree of like or dislike of oneself is known as:

- (a) Self-belief.
- (b) Self-concept.
- (c) Self-efficacy.
- (d) Self-esteem.

(1 mark)

Answer:

(d) Self-esteem.

(xix) Close supervision, control of subordinates, centralization of authority, autocratic leadership styles are the features of:

- (a) Need hierarchy theory.
- (b) Two factor theory.
- (c) Theory X.
- (d) Theory Y.

(1 mark)

Answer:

(c) Theory X.

(xx) Existence, Relatedness and Growth (ERG) theory was propounded by:

- (a) Alderfer.
- (b) Likert.
- (c) Vroom.
- (d) Herzberg.

(1 mark)

Answer:

(a) Alderfer.

8. (a) Cho
(xii)

(xiii)

(xiv)

(xvi)

2019 - DECEMBER

8. (a) Choose the correct answer from the given four alternatives.

(xii) Vroom's Theory of Motivation is known as

- (a) Need Hierarchy Theory
- (b) Equity Theory.
- (c) Expectancy Theory.
- (d) Theory X and Theory Y

(1 mark)

Answer:

(c) Expectancy Theory.

(xiii) Which one of the following needs is missing in the 'Hierarchy of Needs' Theory?

- (a) Psychological Needs
- (b) Physiological Needs
- (c) Safety Needs
- (d) Wealth Needs

(1 mark)

Answer:

(d) Wealth Needs

(xiv) Which one of the following elements is associated with Herzberg's Model?

- (a) Self-actualization
- (b) Safety
- (c) Esteem
- (d) Hygiene

(1 mark)

Answer:

(d) Hygiene

(xvi) Under the Likert's Four Management Systems, which one of the following adopts a paternalistic approach towards the subordinates?

- (a) System 1 - Exploitative Autocratic
- (b) System 2 - Benevolent Autocratic
- (c) System 3 - Consultative
- (d) System 4 - Democratic

(1 mark)

Answer:

(b) System 2 - Benevolent Autocratic

2022 - DECEMBER

An individual's degree of liking of oneself is known as _____

- (a) Self-esteem
- (b) Self-concept
- (c) Self efficacy
- (d) Self belief

Answer:

- (c) Self efficacy

Herzberg's model is said to be an extension of:

- (a) Vroom's Expectancy Theory
- (b) Maslow's Need Hierarchy Theory
- (c) Alderfer's ERG Theory
- (d) Likert's System of Management

Answer:

- (b) Maslow's Need Hierarchy Theory

The motivation which is based on force or fear is called _____.

- (a) Positive motivation
- (b) Extrinsic motivation
- (c) Intrinsic motivation
- (d) Negative motivation

Answer:

- (d) Negative motivation

Close supervision, control of subordinates, centralization of authority, autocratic leadership styles are the characteristics of :

- (a) Need Hierarchy Theory
- (b) Two Factor Theory
- (c) Theory Y
- (d) Theory X

Answer:

- (d) Theory X

5. ERG theory
- (a) Maslow
 - (b) F. Herz
 - (c) Alderfer
 - (d) Mc Gre

Answer:

- (c) Alderfer

6. In Two Factor

- (a) Satisfi
- (b) Maint
- (c) Both
- (d) None

Answer:

- (b) Main

1. Which s

- (a) Sys
- (b) Sys
- (c) Sys
- (d) Sys

Answer:

- (b) Sys

2. Leader

- (a) foll
- (b) su
- (c) su
- (d) ma

Answer:

- (a) fo

(1 mark)

(1 mark)

(1 mark)

(1 mark)

5. ERG theory of motivation was proposed by:

- (a) Maslow
- (b) F. Herzberg
- (c) Alderfer
- (d) Mc Gregor

(1 mark)

Answer:

- (c) Alderfer

6. In Two Factor theory, "Salary" coming under _____.

- (a) Satisfiers
- (b) Maintenance factors
- (c) Both of these
- (d) None of above a and b.

(1 mark)

Answer:

- (b) Maintenance factors

2023 - JUNE

1. Which system of management is an ideal system as per Likert?

- (a) System 3
- (b) System 4
- (c) System 1
- (d) System 2

(2 marks)

Answer:

- (b) System 4

2. Leadership does not exist without:

- (a) followers
- (b) subordinates
- (c) superiors
- (d) managers

(2 marks)

Answer:

- (a) followers

2023 - DECEMBER

1. The concept of Managerial Grid was developed by _____.
- (a) Bernard (b) Tannenbaum & Schmidt
(c) Blake & Mouton (d) Fiedler (2 marks)

Answer:

(c) Blake & Mouton

2. Achievement Motivation model was developed by _____.
- (a) McGregor (b) McClelland
(c) Herzberg (d) Vroom (2 marks)

Answer:

(b) McClelland

2024 - JUNE

1. Under the _____ style of leadership, the policy is to leave things to take their own course, without interfering.
- (a) Laissez-faire (b) Autocratic
(c) Democratic (d) Servant (2 marks)

Answer:

(b) Autocratic

2. _____ leadership is a leadership philosophy in which the goal of the leader is to serve.
- (a) Laissez-faire (b) Autocratic
(c) Democratic (d) Servant (2 marks)

Answer:

(d) Servant

3. Maslow's theory explains about _____.
- (a) human needs (b) financial needs
(c) machinery needs (d) technical needs (2 marks)

Answer:

(a) human needs

2024 - DECEMBER

1. The managerial function of directing the subordinates towards achievement of the organisational goals is known as _____.

- (a) Planning (b) Organizing
(c) Leadership (d) Controlling

(2 marks)**Answer:**

(c) Leadership

98. Encouraging someone to a particular course of action is known as _____.

- (a) Morale (b) Motivation
(c) Communication (d) Co-ordination

(2 marks)**Answer:**

(b) Motivation

Paper 4 Fundamental of Business Economics and Management

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CHAPTER	
5D	Decision Making

THIS CHAPTER INCLUDES	
1. Introduction-Making	2. Types and Process

2.

PAST YEAR QUESTIONS AND ANSWERS

2015 - MARCH

1. In a PERT network, slack time is _____.
 - (a) The end point that represents the completion of a major activity
 - (b) The time or resources required to progress from one event to another
 - (c) The amount of time an individual activity can be delayed without delaying the whole Project
 - (d) The longest or most time-consuming sequence of events and activities.

1.

2.

(1 mark)

Answer:

- (c) The amount of time an individual activity can be delayed without delaying the whole Project

2015 - SEPTEMBER

1. Long term decision has following implication:
 - (a) Greater cost
 - (b) Greater time

1.

- (c) Greater impact
- (d) All of the above

(1 mark)

Answer:

- (d) All of the above

2. Strategic decision making is a:

- (a) Conceptual Function
- (b) Administrative Function
- (c) Systematic Function
- (d) Non-Innovative

(1 mark)

Answer:

- (a) Conceptual Function

2015 - DECEMBER

1. Corrective decision making is ____ for business.

- (a) Positive
- (b) Negative
- (c) Neutral
- (d) None of the above.

(1 mark)

Answer:

- (a) Positive

2. Which is not covered under the concept of Decision Making?

- (a) Decision Making Conditions
- (b) Steps in Decision Making
- (c) Hierarchy of Decisions
- (d) Decision Marking by Family

(1 mark)

Answer:

- (d) Decision Marking by Family

2016 - MARCH

1. The general manager = s meeting was most likely a result of the following management function?

- (a) Organising
- (b) Planning

- (c) Decision - making
- (d) Controlling

(1 mark)

Answer:

- (c) Decision - making

2016 - JUNE

1. Decision makers face _____ type of problem.

- (a) 2
- (b) 3
- (c) 4
- (d) 5

(1 mark)

Answer:

- (b) 3

2017 - DECEMBER

8. (a) Choose the correct answer from the given four alternatives:

(xvi) A decision to launch a new product is a/an _____.

- (a) Programmed Decision
- (b) Non-routine Decision
- (c) Personal Decision
- (d) Organisational Decision

(1 mark)

Answer:

- (b) Non-routine Decision

(xx) _____ decisions are of non-repetitive nature.

- (a) Basic
- (b) Routine
- (c) Personal
- (d) Policy

(1 mark)

Answer:

- (c) Personal

(1 mark)

2018 - JUNE

8. (a) Choose the correct answer from the given four alternatives:
 (xx) _____ is an act of choice wherein a person comes to a conclusion about what has to be done in a given situation.

- (a) Planning
 (b) Organising
 (c) Decision-making
 (d) Controlling

(1 mark)

Answer:

- (c) Decision-making

2018 - DECEMBER

8. (a) Choose the correct answer from the given four alternatives.

(xix) _____ is not a quantitative technique of decision-making.

- (a) Linear Programming
 (b) Game Theory
 (c) Management by Objectives
 (d) Simulation

(1 mark)

Answer:

- (c) Management by Objectives

(xx) Decision-making is expected to be based on _____.

- (a) competitors' policies
 (b) rational thinking
 (c) government policies
 (d) workers' activities

(1 mark)

Answer:

- (b) rational thinking

8. (a) Choose the correct answer from amongst the four alternatives given (You may write only the Roman numeral and Alphabet chosen for your answer):

- (v) Heuristic techniques refer to
- (a) Trial and Error technique
 - (b) Group Decision-making technique
 - (c) Brain Storming technique
 - (d) Critical problem solving technique

Answer:

(1 mark)

- (a) Trial and Error technique

(vii) PERT stands for:

- (a) Progressive Evaluation and Review Tool
- (b) Programme Evaluation and Review Technique
- (c) Programme Evaluation and Regression Technique
- (d) Progressive Evaluation and Regression Tool.

(1 mark)

Answer:

- (b) Programme Evaluation and Review Technique

(x) Which one of the following is an example of non-routine decisions?

- (a) Decision related to fill up the vacated position of an organization
- (b) Decision related to launch a new production plant
- (c) Decision related to restructure the organization for improvement
- (d) Decision related to take over a sick unit.

(1 mark)

Answer:

- (d) Decision related to take over a sick unit.

(xi) In making a decision, 'game theory' is useful under conditions of:

- (a) Certainty
- (b) Various probabilities

- (c) Competitive rivalry
- (d) Irregular demand

(1 mark)

Answer:

- (c) Competitive rivalry
- (xv) Programmed decisions are concerned with:

- (a) Basic decisions
- (b) Unique decisions.
- (c) Repetitive and Routine decisions.
- (d) Non-routine decisions.

(1 mark)

Answer:

- (c) Repetitive and Routine decisions.

2019 - DECEMBER

- (a) Choose the correct answer from the given four alternatives.

- (v) Decisions which are repetitive and can be established well in advance to solve the day-to-day problems in an organization are known as

- (a) Programmed Decisions
- (b) Non-programmed Decisions
- (c) Personal Decisions
- (d) Heuristic Techniques.

(1 mark)

Answer:

- (a) Programmed Decisions
- (xviii) 'Simulation' is useful
- (a) to observe the Behaviour of a System.
- (b) to find Solution of the Waiting-line Problem
- (c) to optimize the Objective Function
- (d) to make Decision under Competition.

(1 mark)

Answer:

- (d) to make Decision under Competition.

- (xx) Which one of the following is not an objective of MIS?
- (a) To facilitate the Decision-making Process
 - (b) To provide requisite Information at each level of management
 - (c) To support the Decision-making Process
 - (d) To recruit People for the System
- (1 mark)**

Answer:

- (d) To recruit People for the System

2022 - DECEMBER

1. In making a decision, 'Game Theory' is functional under conditions of :
- (a) Competitive rivalry
 - (b) Regular demand
 - (c) Various probabilities
 - (d) Specific
- (1 mark)**

Answer:

- (a) Competitive rivalry
2. Which of the following is a non-routine decisions?
- (a) Decision relating to take over of a sick unit
 - (b) Decision relating to reorganisation the organisation for improvement
 - (c) Decision relating to launching of a new production plant
 - (d) Decision relating to filling up of the vacant position of an office
- (1 mark)**

Answer:

- (c) Decision relating to launching of a new production plant

3. Full Form of PERT is:
- (a) Planning Evaluation and Reference Technique
 - (b) Programme Evaluation and Review Technique
 - (c) Progressive Employee and Regression Tool
 - (d) Pervasive Evaluation and Review Technique
- (1 mark)**

Answer:

- (b) Programme Evaluation and Review Technique

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4. Heuristic technique is a :
- Participative technique
 - Group decision-making technique
 - Trial and error technique
 - Creative technique

(1 mark)

Answer:

5. Long term decision has following implication:
- Greater cost
 - Greater time
 - Greater impact
 - All of the above

(1 mark)

Answer:

(d) All of the above

6. Strategic decision making is a:

- Conceptual Function
- Administrative Function
- Systematic Function
- Non-Innovative

(1 mark)

Answer:

(a) Conceptual Function

2023 - JUNE

1. _____ is the first step in the decision-making process.

- Selection of an alternative
- Developing the alternatives
- Evaluation of the alternatives
- Identification and diagnosis of the real problem

Answer:

(d) Identification and diagnosis of the real problem

2. Programmed decisions are taken by:

- senior level managers
- top level managers

(2 marks)

(1 mark)

- (c) lower level managers
- (d) none of the above

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Answer:

(2 marks)

- (c) lower level managers

2023 - DECEMBER

1. PERT and CPM are _____ techniques.

- (a) Linear Programming
- (b) Network
- (c) Queuing Theory
- (d) Simulation

(2 marks)

Answer:

- (b) Network

2. _____ level managers take non-programmed decisions.

- (a) Middle
- (b) Top
- (c) Lower
- (d) None of the above

(2 marks)

Answer:

- (b) Top

2024 - JUNE

1. Programmed decisions are usually taken by the _____ mangers.

- (a) top level
- (b) middle level
- (c) lower level
- (d) supervisory level

(2 marks)

Answer:

- (c) lower level

2. Decision-making is a part of the _____ function.

- (a) Planning
- (b) Organising
- (c) Directing
- (d) Controlling

(2 marks)

Answer:

- (a) Planning

2024 - DECEMBER

1. The non-programmed decisions are mainly taken by the _____.

- (a) top-level management
- (b) middle-level management
- (c) lower-level management
- (d) supervisory-level management

(2 marks)

Answer:

- (a) top-level management

2. The decision to purchase stationery is a _____ decision.

- (a) policy
- (b) routine
- (c) personal
- (d) non-programmed

(2 marks)

Answer:

- (b) routine

3. _____ is an act of choice wherein an executive comes to a conclusion about what must not be done in a given situation.

- (a) Planning
- (b) Organising
- (c) Decision-making
- (d) Controlling

(2 marks)

Answer:

- (c) Decision-making

Answers
 (i) Un
 (ii) Sp
 (iii) P
 (iv) G
 (v) B

20

CHAPTER

6**Miscellaneous****PAST YEAR QUESTIONS AND ANSWERS****2017 - JUNE**

1. (b) Match the following:

- (i) Acceptance of Deposit
- (ii) Law of Demand
- (iii) Land
- (iv) Price Discrimination
- (v) Money Market

- (a) Fixed Factor
- (b) Monopoly
- (c) Commercial Bank
- (d) Treasury Bills
- (e) Alfred Marshall

(5 × 1 = 5 marks)**Answer:**

- (i) Acceptance of Deposit
- (ii) Law of Demand
- (iii) Land
- (iv) Price Discrimination
- (v) Money Market

- (c) Commercial Bank
- (e) Alfred Marshall
- (a) Fixed Factor
- (b) Monopoly
- (d) Treasury Bills

8. (b) Match the following:

- (i) Unity of Command
- (ii) Specialization of Labour
- (iii) Planning
- (iv) Group Discussion
- (v) Benevolent Autocrat

- (a) Method of Training
- (b) Likert's System of Management
- (c) Max Weber
- (d) Intellectual Process
- (e) Henri Fayol

(5 × 1 = 5 marks)

1. (b) Match

- (i) D
- (ii) I
- (iii) C
- (iv) M
- (v) A

Ans

- (i)
- (ii)
- (iii)
- (iv)
- (v)

8. (b) Ma

- (i)
- (ii)
- (iii)
- (iv)
- (v)

Answer:

- | | |
|-------------------------------|-----------------------------------|
| (i) Unity of Command | (e) Henri Fayol |
| (ii) Specialization of Labour | (c) Max Weber |
| (iii) Planning | (d) Intellectual Process |
| (iv) Group Discussion | (a) Method of Training |
| (v) Benevolent Autocrat | (b) Likert's System of Management |

2017 - DECEMBER

1. (b) Match the following:

- | | |
|---|------------------|
| (i) Definition of Scarcity | (a) Giffen |
| (ii) Inferior Goods | (b) Crowther |
| (iii) One who brings all the factors together and produces the output | (c) Walker |
| (iv) Money is what money does | (d) Robbins |
| (v) Inflation denotes that Value of Money is falling | (e) Entrepreneur |
- (1 × 5 = 5 marks)**

Answer:

- | | |
|---|------------------|
| (i) Definition of Scarcity | (d) Robbins |
| (ii) Inferior Goods | (a) Giffen |
| (iii) One who brings all the factors together and produces the output | (e) Entrepreneur |
| (iv) Money is what money does | (c) Walker |
| (v) Inflation denotes that Value of Money is falling | (b) Crowther |

8. (b) Match the following:

- | | |
|------------------------|------------------------------|
| (i) Planning | (a) Means to exert influence |
| (ii) Selection Process | (b) Maslow |
| (iii) Authority | (c) Managerial Task |
| (iv) Esteem Needs | (d) Decision-making |
| (v) Strategic Decision | (e) Man-power Planning |

(1 × 5 = 5 marks)

Answer:

- | | |
|------------------------|------------------------------|
| (i) Planning | (e) Man-power Planning |
| (ii) Selection Process | (c) Managerial Task |
| (iii) Authority | (d) Decision-making |
| (iv) Esteem Needs | (a) Means to exert influence |
| (v) Strategic Decision | (b) Maslow |

2018 - JUNE

1. (b) Match the following:

- | | |
|--|---------------------|
| (i) Bad money drives good money out of circulation | (a) J. M. Keynes |
| (ii) Wealth of Nations | (b) A. C. Pigou |
| (iii) Concept of Consumer Surplus | (c) Gresham's Law |
| (iv) Macro-economic Theory | (d) Adam Smith |
| (v) Increase in wealth means increase in welfare | (e) Alfred Marshall |

(1 × 5 = 5 marks)**Answer:**

- | | |
|--|---------------------|
| (i) Bad money drives good money out of Circulation | (c) Gresham's Law |
| (ii) Wealth of Nations | (d) Adam Smith |
| (iii) Concept of Consumer Surplus | (e) Alfred Marshall |
| (iv) Macro-economic Theory | (a) J. M. Keynes |
| (v) Increase in wealth means increase in Welfare | (b) A. C. Pigou |

8. (b) Match the following:

- | | |
|----------------------|-------------------------------------|
| (i) Vroom | (a) Example for referent power |
| (ii) Taylor | (b) Rational thinking |
| (iii) Mahatma Gandhi | (c) Self-control and self-direction |
| (iv) Theory Y | (d) Expectancy Theory |
| (v) Decision-making | (e) Scientific Management |

(1 × 5 = 5 mark)

Answer:

- | | |
|----------------------|-------------------------------------|
| (i) Vroom | (d) Expectancy Theory |
| (ii) Taylor | (e) Scientific Management |
| (iii) Mahatma Gandhi | (a) Example for referent power |
| (iv) Theory Y | (c) Self-control and self-direction |
| (v) Decision-making | (b) Rational thinking |

2018 - DECEMBER

1. (b) Match the following:

- | | |
|-------------------------------------|---------------------|
| (i) Exceptions to the Law of Demand | (a) K. E. Boulding |
| (ii) Oligopoly Market | (b) Robert Giffen |
| (iii) Quantity Theory of Money | (c) A. A. Cournot |
| (iv) Elasticity of Demand | (d) Irving Fisher |
| (v) Micro-economics | (e) Alfred Marshall |
- (1 × 5 = 5 marks)**

Answer:

- | | |
|-------------------------------------|---------------------|
| (i) Exceptions to the Law of Demand | (b) Robert Giffen |
| (ii) Oligopoly Market | (c) A.A. Cournot |
| (iii) Quantity Theory of Money | (d) Irving Fisher |
| (iv) Elasticity of Demand | (e) Alfred Marshall |
| (v) Micro-economics | (a) K.E. Boulding |

8. (b) Match the following:

- | | |
|-------------------------------------|------------------------|
| (i) Unity of Command | (a) Mahatma Gandhi |
| (ii) German Sociologist | (b) Henri Fayol |
| (iii) Example for Referent Power | (c) Rensis Likert |
| (iv) System 4 | (d) Frederick Herzberg |
| (v) Two-factor Theory of Motivation | (e) Max Weber |

(1 × 5 = 5 marks)

Answer:

- (i) Unity of Command
 - (ii) German Sociologist
 - (iii) Example for Referent Power
 - (iv) System 4
 - (v) Two-factor Theory of Motivation
- (b) Henri Fayol
 - (e) Max Weber
 - (a) Mahatma Gandhi
 - (c) Rensis Likert
 - (d) Frederick Herzberg

2019 - JUNE

(b) Match the following:

	Column - I		Column - II
1.	M ₃	(a)	Demand forecasting
2.	Central Bank	(b)	Price maker
3.	Collective Opinion Method	(c)	M ₂ + Time Deposit
4.	Monopoly	(d)	Price taker
5.	Perfect Competition	(e)	Control of Credit

(1 × 5 = 5 marks)

Answer:

Match the statement under column I with most appropriate statement under column II

	Column - I		Column - II
1.	M ₃	(c)	M ₂ +Time Deposit
2.	Central Bank	(e)	Control of Credit
3.	Collective Opinion Method	(a)	Demand forecasting
4.	Monopoly	(b)	Price maker
5.	Perfect Competition	(d)	Price taker

8. (b) Match

1.	Need
2.	Man
3.	Plan
4.	Job
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1.	Need
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3.	Pla
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8. (b) Match the following:

	Column - I		Column - II
1.	Need for Acceptance	(a)	Methods of Training
2.	Manpower Planning	(b)	Technique of Control
3.	Planning	(c)	Social Need
4.	Job Rotation	(d)	Goal Oriented
5.	Financial Statement	(e)	Process of Staffing

(1 x = 5 marks)

Answer:

Match the statement under column I with the most appropriate statement under column II

	Column - I		Column - II
1.	Need for Acceptance	(c)	Social Need
2.	Manpower Planning	(e)	Process of Staffing
3.	Planning	(d)	Goal Oriented
4.	Job Rotation	(a)	Methods of Training
5.	Financial Statement	(b)	Technique of Control

2019 - DECEMBER

1. (b) Match the following:

	Column - I		Column - II
1.	Treasury Bill	(a)	Central Bank
2.	Term Deposit	(b)	Commercial Bank

3.	Issuing Notes	(c)	Money Market
4.	Acceptance of Deposits	(d)	Cumulative Deposits
5.	Recurring Deposit	(e)	Fixed Deposits

(1 x 5 = 5 marks)

Answer:

Match the statement under column I with most appropriate statement under column II

	Column - I		Column - II
1.	Treasury Bill	(c)	Money Market
2.	Term Deposit	(e)	Fixed Deposits
3.	Issuing Notes	(a)	Central Bank
4.	Acceptance of Deposits	(b)	Commercial Bank
5.	Recurring Deposit	(d)	Cumulative Deposits

(b) Match the following:

	Column - I		Column - II
1.	Leadership Continuum	(a)	Max Weber
2.	Father of Scientific Management	(b)	Blake and Mouton
3.	Esprit de Corps	(c)	Tannenbaum and Schmidt
4.	Bureaucratic Management	(d)	H. Fayol
5.	Managerial Grid	(e)	F.W. Taylor

(1 x 5 = 5 marks)

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5 marks)

Answer:

Match the statement under column I with the most appropriate statement under column II

	Column - I	Column - II
1.	Leadership Continuum	(c) Tannenbaum and Schmidt
2.	Father of Scientific Management	(e) F.W. Taylor
3.	Esprit de Corps	(d) H. Fayol
4.	Bureaucratic Management	(a) Max Weber
5.	Managerial Grid	(b) Blake and Mouton

Paper 4 Fundamental of Business Economics and Management

Feedback	I Need More	Scanner Preparation Key
		
Scan to Share your Experience	Scan for Quick Assistance	Scan & go to "My Books"

Note:

For your convenience and effective preparation, the questions from the latest examination have been included within the respective chapters for chapter-wise practice.

Additionally, the complete question paper is provided at the end of the book for the following reasons:

1. To help you familiarize yourself with the structure and pattern of the examination paper.
2. To enable you to practice under exam-like conditions by attempting the full paper.

This dual approach ensures a well-rounded and thorough preparation for your exams.

December - 2024

CMA Foundation Paper - 4

Fundamentals of Business Economics and Management

Section A: Fundamentals of Business Economics (70 marks)

51. _____ is the father of Economics.
- (a) Adam Smith
 - (b) Alfred Marshall
 - (c) Lionel Robbins
 - (d) J. R. Hicks
- (2 marks)
52. According to Economics, means are _____.
- (a) endless
 - (b) abundant
 - (c) limited
 - (d) unlimited
- (2 marks)
53. A piece of wood becomes a table. It is an example for _____ utility.
- (a) Time
 - (b) Place
 - (c) Possession
 - (d) Form
- (2 marks)

54. _____ occurs when the price that consumers pay for a product or service is less than the price they are willing to pay.
(a) Consumer Surplus
(b) Total Utility
(c) Marginal Utility
(d) Market Price (2 marks)
55. Disguised unemployment is primarily traced in the _____ and unorganized sectors of the economy.
(a) Agricultural sector
(b) Industrial sector
(c) Information Technology sector
(d) Service sector (2 marks)
56. _____ is the second important factor of production.
(a) Land
(b) Labour
(c) Capital
(d) Organisation (2 marks)
57. In microeconomic theory, the _____ cost of a choice is the value of the best alternative foregone where, given limited resources, a choice needs to be made between several mutually exclusive alternatives.
(a) opportunity
(b) explicit
(c) implicit
(d) social (2 marks)
58. Which one of the following is not a factor in the market supply of a product?
(a) Cost of production
(b) Number of buyers
(c) Market price of the product
(d) Price of related products (2 marks)
59. Which of these will have highly inelastic supply?
(a) Perishable goods
(b) Consumer durable goods

- (c) Items of elite class consumption
(d) All of the above (2 marks)
60. In the short-run, price is governed by _____.
(a) cost of production
(b) demand and supply forces
(c) marginal utility
(d) consumer surplus (2 marks)
61. A/an _____ is a market structure with a single seller or producer that assumes a dominant position in an industry or a sector.
(a) Oligopoly
(b) Duopoly
(c) Monopolistic Competition
(d) Monopoly (2 marks)
62. A firm can achieve equilibrium when its _____.
(a) $MC = MR$
(b) $MC = AC$
(c) $MR = AR$
(d) $MR = AC$ (2 marks)
63. The equilibrium of a firm can be divided into _____ types.
(a) 2
(b) 3
(c) 4
(d) 5 (2 marks)
64. In a competitive market, _____ is the price-maker.
(a) firm
(b) industry
(c) consumer
(d) trade association (2 marks)
65. Skimming pricing is a pricing strategy that sets new product prices _____.
(a) high
(b) neither high nor low
(c) low
(d) medium (2 marks)

66. _____ are pre-product
(a) Pur
(b) Mo
(c) Per
(d) Olig
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move to
(a) Pie
(b) Ada
(c) Pet
(d) Joa
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(a) Pric
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(a) Duc
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(c) Mo
(d) All c
70. The _____ circula
(a) Law
(b) Law
(c) Gre
(d) Law

223

224

(2 marks)

66. _____ competition is a type of market structure where many firms are present in an industry and they produce similar but differentiated products.

- (a) Pure
- (b) Monopolistic
- (c) Perfect
- (d) Oligopolistic

(2 marks)

seller or producer sector.

67. _____ in 1926 concluded that, to fully understand microeconomics, it is necessary to leave aside perfect competition and move towards the opposite direction.

- (a) Piero Sraffa
- (b) Adam Smith
- (c) Peter Drucker
- (d) Joan Robinson

(2 marks)

68. _____ occurs when a leading firm in a given industry is able to exert enough market influence in the said industry that it can effectively determine the price of goods or services for the entire market.

- (a) Price leadership
- (b) Differential pricing
- (c) Policy pricing
- (d) Skimming pricing

(2 marks)

_____ types.

69. A _____ is a form of oligopoly, where only two companies dominate the market.

- (a) Duopoly
- (b) Monopoly
- (c) Monopsony
- (d) All of the above

(2 marks)

r.

(2 marks)

product prices

70. The _____ states that bad money drives good money out of circulation.

- (a) Law of Demand
- (b) Law of Supply
- (c) Gresham's Law
- (d) Law of Self-interest

(2 marks)

(2 marks)

71. Money Market deals with _____ credit.
(a) medium-term
(b) long-term
(c) short-term
(d) None of the above (2 marks)
72. _____ is the instrument of quantitative credit control.
(a) Open market operations
(b) Credit rationing
(c) Moral suasion
(d) Licensing (2 marks)
73. Which of the following is the oldest system of money?
(a) Barter
(b) Plastic money
(c) Credit money
(d) Gold (2 marks)
74. _____ is a qualitative credit control instrument used by the Central Bank.
(a) Bank rate policy
(b) Rationing of credit
(c) Open market operations
(d) CRR (2 marks)
75. Manipulation in CRR enables the RBI to _____.
(a) influence the lending ability of the commercial banks
(b) check unemployment growth
(c) check poverty
(d) increase GDP (2 marks)
76. Fiscal Policy in India is formulated by the _____.
(a) RBI
(b) SEBI
(c) Finance Ministry
(d) NABARD (2 marks)
77. EXIM bank is authorised to raise loan from the _____.
(a) RBI
(b) Govt. of India

FOR NOTES

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- (c) international market
(d) trading activities (2 marks)
78. _____ is the mechanism for flow of funds from the surplus to the deficit units in the economy.
(a) Money Market
(b) Stock Market
(c) Regulated Market
(d) Bullion Market (2 marks)
79. Financial markets are classified into Money Market and _____.
(a) Bullion Market
(b) Capital Market
(c) Stock Market
(d) National Market (2 marks)
80. _____ environment is within the control of the business.
(a) Internal
(b) External
(c) Micro
(d) Macro (2 marks)
81. Select the internal components which influence business decisions.
(a) Culture
(b) Mission
(c) Objectives
(d) All of the above (2 marks)
82. The term "P" in PESTEL stands for _____.
(a) Policy
(b) Political
(c) Power
(d) Project (2 marks)
83. The term "W" in SWOT analysis stands for _____.
(a) Work
(b) Weather
(c) Weaknesses
(d) Will power (2 marks)

84. Opportunities and Threats are related to _____.
- (a) external environment
 - (b) internal environment
 - (c) micro environment
 - (d) None of the above
85. Task environment is also known as _____ environment. (2 marks)
- (a) short-term
 - (b) macro
 - (c) internal
 - (d) long-term
- (2 marks)

Section B: Fundamentals of Management (30 marks)

86. There are _____ major functions of management.
- (a) two
 - (b) three
 - (c) four
 - (d) five
- (2 marks)
87. The concept of Scientific Management has focused mainly on the _____ function.
- (a) sales
 - (b) accounting
 - (c) production
 - (d) finance
- (2 marks)
88. The non-programmed decisions are mainly taken by the _____.
- (a) top-level management
 - (b) middle-level management
 - (c) lower-level management
 - (d) supervisory-level management
- (2 marks)
89. _____ involves a system within an organization in which the top, middle, and lower levels of management participate in decision-making.
- (a) Centralisation of Authority
 - (b) Delegation of Authority

_____.

(2 marks)

environment.

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ed mainly on the

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the _____.

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in which the top,
decision-making.

- (c) Decentralisation of Authority
(d) Responsibility (2 marks)
90. The first step in the process of staffing is _____.
(a) procurement of personnel
(b) development of personnel
(c) compensation of personnel
(d) placement of personnel (2 marks)
91. One who receives information in any communication process is known as _____.
(a) communicator
(b) sender
(c) communicatee
(d) None of the above (2 marks)
92. _____ involves the selection of language in which the message is to be given.
(a) Feedback
(b) Decoding
(c) Encoding
(d) Medium (2 marks)
93. The Stewardship Theory states that a steward protects and maximises the shareholders' wealth through the firm's _____.
(a) performance
(b) production
(c) profit
(d) sales (2 marks)
94. Post-control is also known as _____.
(a) Feedback control
(b) Concurrent control
(c) Pre-control
(d) Feed-forward control (2 marks)
95. Effective _____ increases the interactions among the managers and the subordinates.
(a) Centralisation of Authority
(b) Decentralisation of Authority (2 marks)

- (c) Communication
(d) Delegation of Authority (2 marks)
96. _____ flows from lower-level management to top-level management.
(a) Authority
(b) Responsibility
(c) Centralisation of Authority
(d) Decentralisation of Authority (2 marks)
97. The managerial function of directing the subordinates towards achievement of the organisational goals is known as _____.
(a) Planning
(b) Organizing
(c) Leadership
(d) Controlling (2 marks)
98. Encouraging someone to a particular course of action is known as _____.
(a) Morale
(b) Motivation
(c) Communication
(d) Co-ordination (2 marks)
99. The decision to purchase stationery is a _____ decision.
(a) policy
(b) routine
(c) personal
(d) non-programmed (2 marks)
100. _____ is an act of choice wherein an executive comes to a conclusion about what must not be done in a given situation.
(a) Planning
(b) Organising
(c) Decision-making
(d) Controlling (2 marks)

SCANNERTM

Appendix

CMA Foundation

(Questions and Answers of June - 2025)

Paper - 4 : Fundamentals of Business Economics and Management

Chapter - 1A :

Fundamentals of Economics, Utility, Demand and Supply

2025 - JUNE

1. A good can be considered a normal good, if an increase in the income of a consumer causes _____ in demand of the given good.

- (a) increase
- (b) no change
- (c) decrease
- (d) less than proportionate increase

(2 marks)

Answer: (a) increase

2. If there is no change in quantity demanded to any change in price, then demand is _____ and demand curve is _____.

- (a) perfectly elastic, horizontal straight line
- (b) perfectly elastic, vertical straight line.
- (c) perfectly inelastic, horizontal straight line
- (d) perfectly inelastic, vertical straight line

(2 marks)

Answer: (d) perfectly inelastic, vertical straight line

3. If MU_x / P_x > MU_y / P_y , a consumer will
 (a) stop buying good X
 (b) buy more of good X
 (c) buy more of good Y
 (d) buy more of both goods

Answer: (b)

4. If the price of a good changes, the change in the quantity demanded is

- (a) zero
- (b) positive
- (c) negative
- (d) constant

Answer: (b)

5. Which of the following is not a characteristic of a normal good?

- (a) Lack of complementarity
- (b) Lack of substitutability
- (c) Lack of complementarity
- (d) Lack of substitutability

Answer: (a)

Chapter - Theory, C

1. Which of the following is not a characteristic of a normal good?

- (a) Availability
- (b) Marginal utility
- (c) Total utility
- (d) Availability

Answer: (a)

3. If $MU_x / P_x > MU_y / P_y$, then to reach the equilibrium position, the consumer should _____.
- (a) stop buying any commodity
 - (b) buy both the commodities in equal quantity
 - (c) buy more of X and less of Y
 - (d) buy more of Y and less of X

(2 marks)

Answer: (c) buy more of X and less of Y

4. If the consumption of an additional unit of a commodity causes no change in Total Utility, then the resultant Marginal Utility is _____.

- (a) zero
- (b) positive
- (c) negative
- (d) constant

(2 marks)

Answer: (a) zero

5. Which of the following is not a limitation of the barter system?.

- (a) Lack of double coincidence of wants
- (b) Lack of store of value
- (c) Lack of common measure of value
- (d) Lack of transfer of value

(2 marks)

Answer: (d) Lack of transfer of value

Chapter - 1B : **Theory, Cost and Means of Production**

2025 - JUNE

1. Which of the following costs declines continuously?

- (a) Average Variable Cost
- (b) Marginal Cost
- (c) Total Fixed Cost
- (d) Average Fixed Cost

(2 marks)

Answer: (d) Average Fixed Cost

2. Which of the following will lead to shift in the PPF?

- (a) Upgradation of technology
- (b) Exploration of new oil reserves
- (c) Massive unemployment
- (d) none of the above

(2 marks)

Answer: (a) Upgradation of technology

3. The PESTEL Analysis is _____.

- (a) simple to understand and tough to implement
- (b) simple to understand and quick to implement
- (c) tough to understand and easy to implement
- (d) tough to understand and tough to implement

(2 marks)

Answer: (b) simple to understand and quick to implement

4. The MP Curve intersects the AP Curve, when the AP is _____.

- (a) minimum
- (b) constant
- (c) maximum
- (d) falling

(2 marks)

Answer: (c) maximum

5. Consider the following table:

Production possibilities	A	B	C	D	E
Guns (units)	0	1	2	3	4
Butter (units)	10	9	7	4	0

The Opportunity Cost of increasing the production of guns from 2 units to 3 units is _____ units of butter.

- (a) 7
- (b) 2
- (c) 4
- (d) 3

(2 marks)

Answer: (d) 3

6. Expenditure incurred by the producers to promote sale of their products is termed as _____.

- (a) explicit cost
- (b) implicit cost

- (c) selling cost
 (d) fixed cost
Answer: (c) selling cost

(2 marks)

Chapter - 2 :
Forms of Market

2025 - JUNE

1. 'Homogenous product' is a characteristic of _____.
 (a) Perfect Competition only
 (b) Perfect Oligopoly only
 (c) both (A) and (B)
 (d) none of the above
Answer: (a) Perfect Competition only (2 marks)
2. In the short run, if $P > ATC$ in a Monopolistic Competition, the firm _____.
 (a) earns profit and new firms enter the market
 (b) earns profit and bars entry of new firms
 (c) incurs losses and exits the market
 (d) earns quick profits and disappears
Answer: (a) earns profit and new firms enter the market (2 marks)
3. The firm and the industry are one and the same in _____.
 (a) Monopolistic Competition
 (b) Monopoly
 (c) Perfect Competition
 (d) Oligopoly
Answer: (c) Perfect Competition (2 marks)
4. 'Toothpaste' is a product of which of the following market forms?
 (a) Monopolistic Competition
 (b) Monopoly
 (c) Duopoly
 (d) Perfect Competition
Answer: (a) Monopolistic Competition (2 marks)

5. Pricing for selling the same commodity at different prices is known as _____.
- (a) Skimming Pricing
 - (b) Differential Pricing
 - (c) Penetration Pricing
 - (d) Cost-plus Pricing

Answer: (b) Differential Pricing (2 marks)

6. Shut down situation for a firm comes when _____.
- (a) price is equal to fixed cost
 - (b) price is more than average fixed cost
 - (c) price is less than average variable cost
 - (d) price is more than average variable cost

Answer: (c) price is less than average variable cost (2 marks)

7. OPEC is an example of _____.
- (a) Perfect Competition
 - (b) Monopolistic Competition
 - (c) Monopoly
 - (d) Cartel

Answer: (d) Cartel (2 marks)

8. Which of the following is a characteristic of a price-taker firm?
- (a) $TR = P \times Q$
 - (b) $AR = Price$
 - (c) $MR = Price$
 - (d) all of the above

Answer: (d) all of the above (2 marks)

9. Demand Curve under Perfect Competition is _____.
- (a) downward sloping
 - (b) horizontal
 - (c) upward sloping
 - (d) vertical

Answer: (b) horizontal (2 marks)

is known as

Chapter - 3A :
Money - Types, Features and Functions**2025 - JUNE****(2 marks)**

1. Who regulates money supply?
- (a) Govt. of India
 - (b) Reserve Bank of India
 - (c) Commercial Banks
 - (d) Planning Commission

(2 marks)**(2 marks)****Answer:** (b) Reserve Bank of India

2. Which one of the following is termed as legal tender money?
- (a) Demand Deposits
 - (b) Time Deposits
 - (c) Inter-bank Deposits
 - (d) Currency Notes

(2 marks)**(2 marks)****Answer:** (d) Currency Notes

3. In India, paper notes are _____.
- (a) limited legal tender
 - (b) unlimited legal tender
 - (c) both (a) & (b)
 - (d) none of the above

(2 marks)**(2 marks)****Answer:** (b) unlimited legal tender

4. Deficit Financing means _____.
- (a) financing budgetary deficit by borrowing
 - (b) financing budgetary deficit by printing money
 - (c) both (a) & (b)
 - (d) none of the above

(2 marks)**(2 marks)****Answer:** (c) both (a) & (b)

Chapter - 3B :**Banking, Commercial Banks, Central Bank & Money Market****2025 - JUNE**

1. Another name for Bank Reserve Ratio is _____.
- (a) Cash Reserve Ratio
(b) Statutory Liquid Ratio
(c) Variable Reserve Ratio
(d) Bank Rate **(2 marks)**
- Answer:** (a) Cash Reserve Ratio
2. The most fearful situation in the banking industry is the accumulation of _____.
- (a) interest payable to depositors
(b) non-performing assets
(c) unutilised deposits
(d) unpaid employee wages **(2 marks)**
- Answer:** (b) non-performing assets
3. Which of the following banks operates in public interest without any profit motive?
- (a) Reserve Bank of India
(b) State Bank of India
(c) ICICI Bank
(d) Punjab National Bank **(2 marks)**
- Answer:** (a) Reserve Bank of India
4. What will be the effect of increase in the Repo Rate on the money supply?
- (a) increase
(b) decrease
(c) remains same
(d) increase initially then decrease **(2 marks)**
- Answer:** (b) decrease

5. The lender
- (a) Centra
(b) Centra
(c) Comm
(d) EXIM

Answer:

6. Reverse
- _____.
- (a) lends
(b) lends
(c) acce
(d) none

Answer:**Chapter -**
Economic

1. The obj
- (a) sur
(b) cus
(c) emp
(d) all c
- Answer:**
2. Which c
- (a) Per
(b) Mo
(c) Duc
(d) Inte

Answer:

5. The lender of last resort is a function of the _____.

- (a) Central Government
- (b) Central Bank
- (c) Commercial Bank
- (d) EXIM Bank

(2 marks)

Answer: (b) Central Bank

6. Reverse Repo Rate is the rate at which the Central Bank of any country _____.

- (a) lends money to the commercial banks for short-term
- (b) lends money to the commercial banks for long-term
- (c) accepts deposits from the commercial banks
- (d) none of the above

(2 marks)

Answer: (c) accepts deposits from the commercial banks

Chapter - 4 :

Economic and Business Environment

2025 - JUNE

1. The objectives of business are related to _____.

- (a) survival
- (b) customer satisfaction
- (c) employee welfare
- (d) all of the above

(2 marks)

Answer: (d) all of the above

2. Which of the following is not a market structure in Economics?

- (a) Perfect Competition
- (b) Monopoly
- (c) Duopoly
- (d) Intense Competition

(2 marks)

Answer: (d) Intense Competition

3. Given a Legal Reserve Ratio of 20%, an initial deposit of ₹ 1,000 in a banking system would create secondary deposit of _____
- (a) ₹ 3,000
(b) ₹ 4,000
(c) ₹ 5,000
(d) ₹ 6,000

A-9

SCA

2.

Answer: (b) ₹ 4,000

(2 marks)

4. Uncertainty means _____.
- (a) abundance of clarity
(b) lack of clarity
(c) lack of confidence
(d) none of the above

Answer: (b) lack of clarity

(2 marks)

5. The alphabet 'V' in VUCAFU stands for _____.
- (a) Violence
(b) Victory
(c) Volatility
(d) Victimisation

Answer: (c) Volatility

(2 marks)

Chapter - 5A :

Introduction to Management and Its Process

2025 - JUNE

1. _____ is the process that involves the growth of an employee.
- (a) Transfer
(b) Development
(c) Merit Rating
(d) none of the above

(2 marks)

Answer: (b) Development

1,000 in a

(2 marks)

2. The blend of top-down and bottom-up approaches in Planning is known as _____.
- (a) Top-Bottom approach
 - (b) Up-Down approach
 - (c) Composite approach
 - (d) Team approach
- (2 marks)

Answer: (c) Composite approach

(2 marks)

3. The process of Communication starts with the _____.
- (a) supervisor
 - (b) sender
 - (c) receiver
 - (d) none of the above
- (2 marks)

Answer: (b) sender

(marks)

4. Who developed a theory of Motivation on the basis of hypotheses relating to human behaviour?
- (a) McGregor
 - (b) Adams
 - (c) Vroom
 - (d) Herzberg
- (2 marks)

Answer: (a) McGregor

5. _____ is defined as the process of obtaining and maintaining capable and competent people to fill all the positions from the top to the operative level.

- (a) Staffing
- (b) Selection
- (c) Recruitment
- (d) Training

(2 marks)

Answer: (a) Staffing

(marks)

6. Which of the following methods are employed to provide on-the-job training?

- (a) Coaching
- (b) Job Rotation
- (c) Mentoring
- (d) all of the above

(2 marks)

Answer: (d) all of the above

7. _____ is the artery of an organisation through which the decisions and instructions of the management flow down to the lowest level.

- (a) Communication
- (b) Information
- (c) Message
- (d) none of the above

(2 marks)

Answer: (a) Communication

8. A thirsty person may use body language by lifting the thumb to his/her mouth in order to communicate that he/she needs drinking water. This process is called _____.

- (a) Medium
- (b) Encoding
- (c) Decoding
- (d) Feedback

(2 marks)

Answer: (b) Encoding

Chapter - 5C : **Leadership and Motivation**

2025 - JUNE

1. An example of physiological need is _____.

- (a) pension scheme
- (b) competence
- (c) work groups
- (d) none of the above

(2 marks)

Answer: (d) none of the above

2. In the Managerial Grid, the style of management which depicts the leader who is neither concerned about the people nor does he/she care about the task to be performed is _____.

- (a) Task Management
- (b) Impoverished

(c)

(d)

Ans

3. The

(a)

(b)

(c)

(d)

Ans

4. Bra

(a)

(b)

(c)

(d)

Ans

Chapt

Decis

1. Abs

typ

(a)

(b)

(c)

(d)

Ans

2. The

(a)

(b)

- (c) Country Club
- (d) Team Management

(2 marks)

Answer: (b) Impoverished

3. The first step in the decision-making process is _____.

- (a) identifying and diagnosing the real problem
- (b) evaluation of the alternatives
- (c) developing the alternatives
- (d) implementing the best alternatives

(2 marks)

Answer: (a) identifying and diagnosing the real problem

4. Brainstorming is one of the _____ techniques.

- (a) creative
- (b) assertive
- (c) heuristic
- (d) none of the above

(2 marks)

Answer: (a) creative

Chapter - 5D :

Decision Making

2025 - JUNE

1. Absenteeism and labour turnover are reduced in case of the following type of leadership:.

- (a) Autocratic
- (b) Democratic
- (c) Free rein
- (d) none of the above

Answer: (b) Democratic

(2 marks)

2. The decision taken by the lower-level management is a _____ decision.

- (a) programmed
- (b) non-programmed

