

FOUNDATION COURSE EXAMINATION

December 2016

P-1(FEM)
Syllabus 2012

Fundamentals of Economics and Management

Time Allowed: 3 Hours

Full Marks: 100

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

All questions are compulsory, subject to instruction provided against each question.

All workings must form part of your answer.

Assumptions, if any, must be clearly indicated.

Part A (50 marks)

(Fundamentals of Economics)

1. Choose the correct answer from the given four alternatives: 1×10=10
- (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
- (ii) _____ changed the name of the subject from political economy to Economics.
- (a) Adam Smith (b) Alfred Marshall
(c) Robbins (d) Paul. A. Samuelson
- (iii) _____ tells us the rate of change in demand.
- (a) Elasticity of demand (b) Consumption analysis
(c) Demand analysis (d) Consumer surplus
- (iv) The Law of variable proportion has _____ stages.
- (a) 2 (b) 3
(c) 4 (d) 5
- (v) The average _____ and output will have inverse functional relationship.
- (a) fixed cost (b) variable cost
(c) total cost (d) marginal cost
- (vi) Differential pricing is a form of _____.
- (a) perfect market (b) monopoly market
(c) imperfect market (d) oligopoly market
- (vii) _____ refers to the total market value of all the final goods and services produced in a country during a given period plus net factor income from abroad.
- (a) Gross National Product (b) Net National Product
(c) Gross Domestic Product (d) Net Domestic Product
- (viii) Quantity Theory of money was reformulated by
- (a) Keynes (b) Adam Smith
(c) Alfred Marshall (d) Simon

Please Turn Over

- (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
- (x) _____ is one of the primary sources of energy.
(a) Coal (b) Oil crude
(c) Petroleum products (d) Iron ore

2. Fill in the blanks:

1×5=5

- (i) _____ creates form utility.
(ii) _____ cost is also known as overhead cost.
(iii) _____ refers to a market in which there are a few sellers.
(iv) Trade cycles passes through _____ phases.
(v) A commercial bank is called a _____.

3. Match the following:

1×5=5

- (i) Veblen effect (a) All costs are recovered.
(ii) Perfect competition (b) Demand goes up with the rise in price
(iii) Absorption pricing (c) Demand Pull
(iv) Income minus savings (d) Large number of sellers and buyers
(v) Aggregate demand for goods exceeds aggregate supply (e) Expenses

4. State whether the following statements are True or False:

1×5=5

- (i) The income elasticity of demand is positive for all normal goods.
(ii) Total cost is the aggregate of expenditures incurred by a firm producing a given level of output.
(iii) In a perfect competition, the products sold by the seller are heterogenous.
(iv) Increase in the general price level would bring a fall in the economic welfare.
(v) The initial capital of UTI was contributed by Central Government.

5. Give the answer in one sentence for *any five* from the following:

1×5=5

- (i) Law of supply
(ii) Marginal cost
(iii) Scarcity definition
(iv) Consumer surplus
(v) Net National Product
(vi) Investment
(vii) Consumer banks
(viii) Information Technology

6. Answer *any one* of the following questions:

10×1=10

- (i) Analyse the factors which determine supply function.
(ii) Explain the main functions of commercial banks.

7. Answer *any two* of the following:

5×2=10

- (i) Discuss the importance of elasticity of demand.
(ii) Explain the relationship between Average cost and Marginal cost.
(iii) When is price discrimination possible?
(vi) Enumerate the functions of money.

Part B (50 marks)
(Fundamentals of Management)

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

1×10=10

- (i) The book "Principles of Scientific Management" was written by
 (a) F.W. Taylor (b) Henry Fayol
 (c) Max Weber (d) Simon
- (ii) Henry Fayol classified industrial activities into _____ groups.
 (a) 2 (b) 3
 (c) 4 (d) 5
- (iii) _____ is the basic to all other managerial functions.
 (a) Controlling (b) Planning
 (c) Organising (d) Directing
- (iv) _____ flows from top level to bottom level management.
 (a) Authority (b) Responsibility
 (c) Accountability (d) Performance of work
- (v) _____ refers to the introduction of a person to the job and the organisation.
 (a) Selection (b) Training
 (c) Induction (d) Placement
- (vi) In an informal organisation, the related pattern of communication is _____.
 (a) upward (b) downward
 (c) formal (d) grapevine
- (vii) Motivation is a
 (a) Psychological process (b) Mental process
 (c) Social process (d) All of the above
- (viii) Need based theory of motivation was developed by
 (a) McGregor (b) Elton Mayo
 (c) Maslow (d) Peter Drucker
- (ix) _____ is characterised by the great deal of uncertainty about groups, purpose, structure and the leadership.
 (a) Forming (b) Storming
 (c) Norming (d) Performing
- (x) _____ is a conflict management style that maximises both assertiveness and co-operation.
 (a) Avoiding (b) Competing
 (c) Compromise (d) Collaborating

2. Fill in the blanks:

1×5=5

- (i) _____ is called as the father of management.
- (ii) Systems are classified into _____ types.
- (iii) _____ is a financial plan for a definite period of time.
- (iv) _____ is not a separate function of management.
- (v) _____ has modified the Maslow's need theory.

3. Match the following: 1×5=5
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| (i) Contingency Theory | (a) Rational thinking |
| (ii) Horizontal communication | (b) Groups can fulfil social needs |
| (iii) Decision making | (c) Homans |
| (iv) Social system theory | (d) Extension of system theory |
| (v) Affiliation | (e) Side way communication |
4. State whether the following statements are True or False: 1×5=5
- (i) The managerial activities are connected with the managing aspect of a business.
 - (ii) According to Max Weber, bureaucracy is a particular type of administrative structure developed through irrational-legal authority.
 - (iii) Basic decisions are non-repetitive.
 - (iv) The first step in the process of organising is grouping the work.
 - (v) Negotiation is a decision making process among interdependent parties who do not share identical preferences.
5. Define *any five* of the following: 1×5=5
- (i) Unity of command
 - (ii) Profession
 - (iii) Coercive power
 - (iv) Procedures
 - (v) Decentralisation
 - (vi) Leadership
 - (vii) Psychological group
 - (viii) Task conflict
6. Answer *any four* of the following questions: 5×4=20
- (i) Explain the managerial activities of an industry.
 - (ii) Analyse the importance of planning.
 - (iii) Discuss the process of organising.
 - (iv) Differentiate authority from power.
 - (v) Write note on the job training methods.
 - (vi) What is meant by autocratic leadership? State its merits.
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