

FOUNDATION EXAMINATION

June 2017

**P-1(FEM)
Syllabus 2016**

Fundamentals of Economics and Management

Time Allowed: 3 Hours

Full Marks: 100

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

**SECTION A
(FUNDAMENTALS OF ECONOMICS)**

PART A

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

20×1=20

- (i) Wealth was defined by
(a) Alfred Marshall (b) Adam Smith
(c) Robbins (d) Jacob
- (ii) Income *minus* Savings is equal to _____.
(a) Consumption (b) Production
(c) Investment (d) Demand
- (iii) _____ means the desire backed by the necessary purchasing power.
(a) Consumption (b) Production
(c) Investment (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
- (v) Production creates _____ utility.
(a) Place (b) Time
(c) Form (d) Possession
- (vi) Law of variables proportions was developed by _____.
(a) Alfred Marshall (b) Adam Smith
(c) Robbins (d) Jacob
- (vii) The average _____ and output have inverse functional relationship.
(a) fixed cost (b) variable cost
(c) marginal cost (d) total cost
- (viii) Economies of scales are divided into _____ types.
(a) 2 (b) 3
(c) 4 (d) 5

Please Turn Over

- (ix) On the basis of competition, markets are classified into _____ types.
(a) 2 (b) 3
(c) 4 (d) 5
- (x) _____ means absence of competition.
(a) Monopoly (b) Perfect
(c) Imperfect (d) Oligopoly
- (xi) The rate at which the commercial banks borrow from the RBI is called as _____.
(a) REPO (b) PLR
(c) BPLR (d) Bank Rate
- (xii) In a competitive market, _____ is the price-maker.
(a) firm (b) industry
(c) consumer (d) trade association
- (xiii) Long-run equilibrium price is known as _____.
(a) Market price (b) Reserve price
(c) Normal price (d) Support price
- (xiv) "Money is what money does." This definition was given by _____.
(a) Adam Smith (b) Walker
(c) Robbins (d) Robertson
- (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
- (xvi) _____ account can be opened only by businessmen.
(a) Current (b) Fixed Deposit
(c) Recurring Deposit (d) Time Deposit
- (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
- (xviii) _____ was established as the apex bank for industrial credit.
(a) IDBI (b) ICICI
(c) EXIM Bank (d) NABARD
- (xix) Financial markets are classified into Money Market and _____.
(a) Bullion Market (b) Capital Market
(c) Stock Market (d) National Market
- (xx) Commercial Paper was introduced in Indian money market in January _____.
(a) 1990 (b) 1980
(c) 1970 (d) 1960

(b) Match the following:

5×1=5

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|---------------------------|---------------------|
| (i) Acceptance of Deposit | (a) Fixed Factor |
| (ii) Law of Demand | (b) Monopoly |
| (iii) Land | (c) Commercial Bank |
| (iv) Price Discrimination | (d) Treasury Bills |
| (v) Money Market | (e) Alfred Marshall |

(c) State whether the following statements are *True* or *False*:

5×1=5

- (i) Production function expresses the relationship between the physical inputs and physical output of a firm for a given state of technology.
- (ii) Public expenditure comes under the monetary policy.
- (iii) Demand Deposits consist of Fixed Deposits and Recurring Deposits.
- (iv) Macro-economics is also called as Income and Employment Theory.
- (v) The Price Demand curve slopes downwards from left to right.

PART BAnswer *any four* of the following questions:

4×5=20

2. State the determinants of market demand.
3. Analyse the causes for increasing returns.
4. State the types of internal economics.
5. Enumerate the features of a perfect market.
6. Explain the functions of money.
7. Briefly explain the principles of commercial banks.

SECTION B**(FUNDAMENTALS OF MANAGEMENT)****PART A**

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

20×1=20

- (i) The concept of 'Management by Objectives' was introduced by _____.
- (a) Frederick Herzberg
- (b) F. W. Taylor
- (c) Elton Mayo
- (d) Peter F. Drucker

Please Turn Over

- (ii) Bureaucracy Theory was invented by
 - (a) Elton Mayo
 - (b) Henri Fayol
 - (c) Max Weber
 - (d) Peter Drucker
- (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
- (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.
- (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.
- (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
- (vii) Management is a
 - (a) Discreet process.
 - (b) Continuous process.
 - (c) One-way process.
 - (d) Two-way process.
- (viii) Which one of the following is not a function of management?
 - (a) Grouping
 - (b) Planning
 - (c) Staffing
 - (d) Leading

- (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.
- (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
- (xi) Direction is a
- (a) Discreet process.
 - (b) Continuous process.
 - (c) One-way process.
 - (d) Circular 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
- (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
- (xiv) The last step of 'Staffing Process' is
- (a) Training of Development.
 - (b) Placement and Induction.
 - (c) Recruitment.
 - (d) Selection.
- (xv) Leadership is the process of exerting influence on
- (a) Customers.
 - (b) Competitors.
 - (c) Suppliers.
 - (d) Group Members.

- (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.
- (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
- (xviii) When communication flows from top to bottom, that is known as
- (a) Upward Communication
 - (b) Downward Communication
 - (c) Horizontal Communication
 - (d) Formal 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.
- (xx) 'Responsibility is the duty.' It was propounded by _____.
- (a) Elton Mayo
 - (b) Peter Drucker
 - (c) Chester Barnard
 - (d) M. E. Hurlley
- (b) Match the following:
- | | |
|-------------------------------|-----------------------------------|
| (i) Unity of Command | (a) Method of Training |
| (ii) Specialization of Labour | (b) Likert's System of Management |
| (iii) Planning | (c) Max Weber |
| (iv) Group Discussion | (d) Intellectual Process |
| (v) Benevolent Autocrat | (e) Henri Fayol |

5×1=5

(c) State whether the following statements are *True* or *False*:

5×1=5

- (i) F.W. Taylor has been accepted as the Father of Scientific Management.
- (ii) Standing Plans are used once and then these are discarded.
- (iii) Two-factor Theory was propounded by Herzberg.
- (iv) Communication is a one-way process.
- (v) Apprenticeship is an example of 'off-the job' Training.

PART B

Answer *any four* of the following questions:

4×5=20

- 9. Explain Max Weber's six Principles of Management.
 - 10. Briefly explain the steps involved in the planning process.
 - 11. State the merits of the 'off-the-job' Training method.
 - 12. State the Principles of Co-ordination.
 - 13. Briefly explain the different steps involved in the Decision-making process.
 - 14. Explain the main characteristics (*any five*) of Responsibility to an organization.
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