

FOUNDATION COURSE EXAMINATION

June 2018

*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.

1×20=20

- (i) The 'Welfare definition' of Economics was introduced by _____.
- (a) Adam Smith (b) Alfred Marshall
(c) Lionel Robbins (d) J. R. Hicks
- (ii) Micro-economics deals with the _____.
- (a) economic behaviour of the individual
(b) economy as a whole
(c) trade relations
(d) economic growth of the society
- (iii) Point Elasticity was propounded by _____.
- (a) Alfred Marshall (b) Adam Smith
(c) Lionel Robbins (d) Jacob Viner
- (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
- (v) Production creates _____ utility.
- (a) place (b) time
(c) form (d) possession
- (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

Please Turn Over

- (vii) _____ cost remains constant even if production is stopped.
(a) Fixed (b) Variable
(c) Semi-variable (d) Marginal
- (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
- (ix) On the basis of area, markets are classified into _____ types.
(a) 2 (b) 3
(c) 4 (d) 5
- (x) Total output is maximum when _____.
(a) $MP = 0$ (b) MP is increasing
(c) MP is decreasing (d) MP is constant
- (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
- (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
- (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
- (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
- (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
- (xvi) "Money is what money does." This definition was given by _____.
(a) Adam Smith (b) Walker
(c) Robbins (d) Robertson

- (xvii) Traditional function of a commercial bank is _____.
- (a) issue of gift cheque (b) credit creation
(c) providing locker facilities (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
- (xix) Securities market in India is regulated by the _____.
- (a) Government (b) RBI
(c) SEBI (d) SBI
- (xx) _____ market is the nerve centre of the financial system.
- (a) Money (b) Capital
(c) Local (d) National
- (b) Match the following: 1×5=5
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|--|---------------------|
| (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 |
- (c) State whether the following statements are *True* or *False*: 1×5=5
- (i) All economic goods are called as wants.
- (ii) In perfect competition, there is large number of firms producing heterogeneous goods.
- (iii) When the output is zero, the fixed cost is also zero.
- (iv) Fixed deposit is a time deposit.
- (v) When the price level increases, the value of money also increases.

PART B

Answer *any four* of the following questions:

5×4=20

2. Explain the exceptions to the Law of Demand.
3. Explain the causes for Diminishing Returns to Scale.

4. Differentiate fixed costs from variable costs.
5. Narrate the features of monopoly.
6. Discuss the components of money supply.
7. Briefly explain the limitations of credit creation.

SECTION B
(FUNDAMENTALS OF MANAGEMENT)

PART A

8. (a) Choose the correct answer from the given *four* alternatives. 1×20=20
- (i) Father of the Principles of Management is _____.
 - (a) Drucker
 - (b) Terry
 - (c) Fayol
 - (d) Taylor
 - (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
 - (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
 - (iv) _____ is an intellectual process.
 - (a) Controlling
 - (b) Planning
 - (c) Organising
 - (d) Directing
 - (v) Management by objectives was introduced by _____.
 - (a) Fayol
 - (b) Taylor
 - (c) Maslow
 - (d) Drucker

- (vi) The military organisation leads to _____.
- (a) specialisation
 - (b) unified control
 - (c) over loading
 - (d) over dependence
- (vii) Which one of the following is not a barrier to effective communication?
- (a) Selective Perception
 - (b) Defensiveness
 - (c) Emotions
 - (d) Filtering
- (viii) _____ refers to the introduction of a person to the job and the organisation.
- (a) Induction
 - (b) Selection
 - (c) Recruitment
 - (d) Placement
- (ix) _____ is the use of influence to motivate employees to achieve organisational goals.
- (a) Planning
 - (b) Organising
 - (c) Leading
 - (d) Motivating
- (x) The purpose of control is to _____.
- (a) fix standard
 - (b) measure actual performance
 - (c) find out deviation
 - (d) (a), (b) & (c)
- (xi) _____ is that managerial function which initiates organised action.
- (a) Directing
 - (b) Organising
 - (c) Leading
 - (d) Motivating
- (xii) The elements of the management process are known as the _____ of management.
- (a) functions
 - (b) nature
 - (c) concept
 - (d) scope

- (xiii) Authority is derived from _____.
(a) position
(b) seniority
(c) technical competence
(d) qualifications
- (xiv) _____ power is derived from the formal position of a person in the organisation.
(a) Social
(b) Coercive
(c) Expert
(d) Legitimate
- (xv) Concurrent Control is also known as _____.
(a) Feedback Control
(b) Feedforward Control
(c) Steering Control
(d) Critical Point Control
- (xvi) _____ leadership is a compromise between laissez fair and autocratic leadership.
(a) Persuasive
(b) Democratic
(c) Institutional
(d) Free Rein
- (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
- (xviii) _____ leader exercises complete control over the subordinates.
(a) Autocratic
(b) Democratic
(c) Participative
(d) Free Rein
- (xix) 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) & (c)

- (xx) _____ is an act of choice wherein a person comes to a conclusion about what has to be done in a given situation.
- Planning
 - Organising
 - Decision-making
 - Controlling
- (b) Match the following: 1×5=5
- | | |
|----------------------|-------------------------------------|
| (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 |
- (c) State whether the following statements are *True* or *False*: 1×5=5
- Responsibility can be delegated.
 - Man-power planning is related to Human Resource Management.
 - Absolute centralisation means each and every decision is to be taken by the top management.
 - Motivation is vital for maximising efficiency of operations.
 - The process of communication starts with encoding.

PART B

Answer *any four* of the following questions:

5×4=20

- Briefly explain the Principles of Management.
 - Discuss the steps involved in the process of selection of employees in a large company.
 - Explain the elements of communication.
 - Enumerate the Principles of Delegation of Authority.
 - Differentiate Theory X from Theory Y.
 - Discuss the steps involved in decision-making.
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