

**Paper 1- Fundamentals of Economics and
Management**

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Full Marks : 100

Time allowed: 3 hours

**Section – A
Part A**

1. (a) Choose the correct answer from the given four alternatives: [20 × 1 = 20]

- (i) What kind of economics explains the phenomenon of cause and effect relation?
(a) Normative
(b) Positive
(c) Micro
(d) Macro
- (ii) LAC curve is also known as:
(a) Envelop curve
(b) Planning curve
(c) Both of the above
(d) None of the above
- (iii) Pure oligopoly is based on the _____ products.
(a) Differentiated
(b) Homogeneous
(c) Unrelated
(d) None of the above
- (iv) A firm earns normal profit when:
(a) When $AR=AC$
(b) When $MR=MC$
(c) When $MR=AR=AC=MC$
(d) None of the above.
- (v) If cross elasticity of demand=0, it means that goods are -
(a) Perfect complementary
(b) Perfect substitute goods
(c) Unrelated goods
(d) Nothing can be said
- (vi) During the slowdown of economy:
(a) GDP is increasing at a slower rate
(b) GDP is increasing
(c) GDP is decreasing
(d) None of these
- (vii) Who said economics is the study of choice making decision -
(a) Robbins
(b) walker
(c) pigou
(d) Ricardo
- (viii) The economy is said to be _____, when aggregate economic activity is declining.
(a) A turning point
(b) An expansion
(c) A trough
(d) Contraction

- (ix) There is no difference between firm and industry in case of:
- (a) Pure monopoly
 - (b) Pure oligopoly
 - (c) Perfect competition
 - (d) duopoly
- (x) Stagflation means _____
- (a) Inflation with recession
 - (b) Inflation galloping like a stag
 - (c) Inflation and increasing output
 - (d) Recession with stagnation
- (xi) If the demand for a product reduces by 2% as a result of an increase in the price by 10%, what is the price elasticity of demand for the product?
- (a) 0.20
 - (b) -0.40
 - (c) -0.20
 - (d) 0.40
- (xii) Under law of diminishing return, MP is zero when the TP is at the -
- (a) Minimum
 - (b) Maximum
 - (c) Nil
 - (d) Equal
- (xiii) When total product is maximum, marginal product is -
- (a) Falling
 - (b) Zero
 - (c) Rising
 - (d) Negative
- (xiv) Suppose the total cost of production of commodity x is ₹1,25,000. Out of this implicit cost is ₹35,000 & normal profit is ₹ 25,000. What will be the explicit cost of commodity x ?
- (a) 90,000
 - (b) 65,000
 - (c) 60,000
 - (d) 1,00,000
- (xv) The goods which are perishable will have _____ market.
- (a) Huge
 - (b) Very long period
 - (c) Long period
 - (d) Very short period
- (xvi) Which of the following curves resembles the demand curve in a perfect competition?
- (a) Average cost curve
 - (b) Marginal utility curve
 - (c) Marginal cost curve
 - (d) Average utility curve
- (xvii) In a perfectly competitive market, the demand curve is-
- (a) Relatively inelastic
 - (b) Unitary elastic

- (c) Relatively elastic
- (d) Infinitely elastic

(xviii) A monopolist can increase his sale only by _____ the price of his product and thereby maximize his profit

- (a) Increasing
- (b) Reducing
- (c) Both (a) and (b)
- (d) None of the above

(xix) The credit instruments are issued on the basis of -

- (a) Capital reserve
- (b) Cash reserve
- (c) General reserve
- (d) Capital redemption reserve

(xx) Which of the following is not a method, by which banks create funds?

- (a) Share capital
- (b) Reserve funds
- (c) Borrowing from general public
- (d) Investments

(b) Match the following:

[5×1=5]

	Column 'A'		Column 'B'
1.	Creation of utility	A.	Prime factor
2.	Indivisible factor	B.	Monopoly
3.	Electricity of supply	C.	Loss of borrowers
4.	Price discrimination	D.	Increasing returns
5.	Deflation	E.	Production

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

[5×1=5]

- (i) The instrument commercial paper has risen out of the changing industrial scenario.
- (ii) Moral situation is a qualitative technique.
- (iii) Public expenditure comes under the money policy.
- (iv) The firm in monopolistic competition earns abnormal profits in long run.
- (v) In imperfect market MR curve is a below the AR curve.

PART B

Answer any four questions out of six questions

[4×5=20]

- 2. State whether the economics is positive science or normative science. **[5]**
- 3. Describe the exception to the law of demand. **[5]**
- 4. Distinction between return to a variable factor and returns to scale. **[5]**
- 5. State the features of perfect market. **[5]**
- 6. Describe the characteristics of money marketing. **[5]**
- 7. What are the principles of commercial banks? **[5]**

Section – B
PART A

8. Answer all the questions :

(a) Choose the correct answer:

[20×1=20]

- (i) Management is a process:
(a) That is unanimous
(b) Of optimum utilization of resources to achieve desired objectives.
(c) That works well
(d) Of humiliating employees
- (ii) Delegation is must for _____.
(a) Centralization
(b) Decentralization
(c) Organisation
(d) Operation
- (iii) Downsizing is an aspect most closely associated with:
(a) Staffing
(b) Planning
(c) Organizing
(d) Controlling
- (iv) Which of the following is the principle of direction?
(a) Harmony of objectives
(b) Unity of Command
(c) Follow up
(d) All of the above
- (v) ____ was developed by US Navy Engineer's to plan and control the huge Polaris Submarine Program.
(a) MBO
(b) MBE
(c) CPM
(d) PERT
- (vi) CPC means
(a) Critical path control
(b) Critical point control
(c) Critical point complaint
(d) Critical point complex.
- (vii) ____ refers to assigning rank and responsibility
(a) Training
(b) Development
(c) Education
(d) Placement
- (viii) Subordinates may not like to accept delegation and shoulder responsibility due to the following reasons.
(a) When they lack self-confidence.
(b) When they are already overburdened with duties.
(c) When adequate information, working facilities and resources are not available.
(d) All of the above
- (ix) A teacher has ____ power over students.

- (a) Reward Power
 - (b) Referent power
 - (c) Expert power
 - (d) Coercive power
- (x) The supervisory load may become too heavy if the Span of Control is
- (a) Wide
 - (b) narrow
 - (c) Optimum
 - (d) None of the above
- (xi) Leadership process is interplay of three elements:
- (a) The Leader, the follower and the situation.
 - (b) The Leader, the followers and the subordinates.
 - (c) The Leader, the followers and the superiors.
 - (d) None of the above
- (xii) Democratic Leadership is also known as
- (a) Authoritarian Leadership
 - (b) Free-rein Leadership
 - (c) Laissez Fair Leadership
 - (d) Participative Leadership
- (xiii) The system that adopts a paternalistic approach towards the subordinates is
- (a) Exploitative Autocratic
 - (b) Benevolent Autocratic
 - (c) Consultative
 - (d) Democratic
- (xiv) A decision to launch a new production plant is
- (a) Programmed decision
 - (b) Non-routine decision
 - (c) Personal decision
 - (d) Organisational decisions
- (xv) Which of the following are the modern techniques for non-programmed decisions?
- (a) Creative techniques
 - (b) Participative techniques
 - (c) Heuristic techniques
 - (d) All of the above
- (xvi) PERT and CPM are ____ techniques.
- (a) Queuing Theory
 - (b) Simulation
 - (c) Linear Programming
 - (d) Network
- (xvii) 'Control by exception' is also known as
- (a) Management by objectives
 - (b) Management by exception
 - (c) Critical point control
 - (d) None of the above
- (xviii) ____ leads to higher job satisfaction.

- (a) Planning
- (b) Budgeting
- (c) Supervision
- (d) Motivation

(xix) Which is said to be the carrier of message sent by a person to another?

- (a) Medium
- (b) Encoding
- (c) Decoding
- (d) Feedback

(xx) Tendency of people to interpret the same message in different ways may act as a _____ barrier.

- (a) Semantic
- (b) Emotions
- (c) Time pressure
- (d) Selective perception

(b) Match the following:

[5×1=5]

	Column 'A'		Column 'B'
1.	Strategies	A.	Flows upward
2.	filtering	B.	Laissez fair leadership
3.	Authority	C.	Hiding some meaning
4.	Responsibility	D.	Limitation of planning
5.	Free-rein	E.	Flows downward

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

[5×1=5]

- (i) Autocratic leadership is also known as Democratic leadership.
- (ii) Theory X is based on a faulty conception of human nature.
- (iii) Authority can be regarded as the right of power to delegate responsibility and it emanates in a company from the shareholders to the board of directors, and down the scalar chain.
- (iv) The internal sources of recruitment doesn't include the employees on the payroll.
- (v) Directing involves issuing orders to subordinates and supervises how these orders are carried out by them and if necessary, motivate the employees for higher performance.

PART B

Answer any four questions out of six questions: [4×5=20]

- 9. Mention the steps in planning process. [5]
- 10. State the principles of control. [5]
- 11. Describe the importance of delegation. [5]
- 12. What are the qualities of a successful leader? [5]
- 13. What are the quantitative techniques of decision making? [5]
- 14. State the principles of coordination. [5]