



**FOUNDATION EXAMINATION
MODEL QUESTION PAPER
PAPER - 4**

**Syllabus - 2022
TERM JUNE-2026**

FUNDAMENTALS OF BUSINESS ECONOMICS AND MANAGEMENT

Time Allowed: 1 Hour

Full Marks: 100

Answer all questions. Each question carries 2 marks.

1.	The Savings always equal to		
	(a)	Income	O
	(b)	Investment	O
	(c)	Profits	O
	(d)	Consumption	O
2.	Variable factor means those factors of production		
	(a)	Which can be changed in the short run?	O
	(b)	Which can be only changed in the long run?	O
	(c)	Which can never be changed	O
	(d)	Both (a) & (b) correct	O
3.	According to _____ Economics is the study of science of wealth.		
	(a)	Adam Smith	O
	(b)	A. Marshall	O
	(c)	L. Robbins	O
	(d)	J.B.Say	O
4.	Which of the following example of implicit cost		
	(a)	Labour wages	O
	(b)	cartage on goods purchased	O
	(c)	rent of owned factory building	O
	(d)	Lease charges of plant	O
5.	Which of these costs will increase or decrease with production		
	(a)	Variable cost of production	O
	(b)	Fixed cost of production	O



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	(c)	Both	<input type="radio"/>
	(d)	Average cost of production	<input type="radio"/>
6.	In the primitive age the factors used in production were mainly		
	(a)	Capital	<input type="radio"/>
	(b)	Land	<input type="radio"/>
	(c)	Labour	<input type="radio"/>
	(d)	Both land and labour	<input type="radio"/>
7.	Modes of production was propounded by		
	(a)	Adam Smith	<input type="radio"/>
	(b)	Karl Marx	<input type="radio"/>
	(c)	David Ricardo	<input type="radio"/>
	(d)	Alfred Marshall	<input type="radio"/>
8.	Which of these will have highly inelastic supply?		
	(a)	perishable goods	<input type="radio"/>
	(b)	consumer durables goods	<input type="radio"/>
	(c)	Items of elite class consumption	<input type="radio"/>
	(d)	All of the above	<input type="radio"/>
9.	In the long run a firm in perfect competition earns :		
	(a)	Average profit of past five years	<input type="radio"/>
	(b)	Abnormal profit	<input type="radio"/>
	(c)	Normal profit only	<input type="radio"/>
	(d)	12.33% profits on capital employed	<input type="radio"/>
10.	In the long run price is governed by		
	(a)	Cost of Production	<input type="radio"/>
	(b)	Marginal utility	<input type="radio"/>
	(c)	Demand supply forces	<input type="radio"/>
	(d)	None	<input type="radio"/>



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11.	Which of these is associated with a monopolistic competitive market –		
	(a)	Homogeneous Product	O
	(b)	Normal in short run	O
	(c)	Product differentiation	O
	(d)	Single buyer	O
12.	A Monopoly demand curve is :		
	(a)	Same as its average revenue curve	O
	(b)	Same as marginal cost curve	O
	(c)	Same as its supply curve	O
	(d)	None of these	O
13.	The forces of supply and demand determine the :		
	(a)	the price of the goods	O
	(b)	the quantity of the goods	O
	(c)	demand of customers	O
	(d)	different prices from different customers	O
14.	The concept of monopolistic competition market was introduced by :		
	(a)	John Rbinson	O
	(b)	Alfred Marshall	O
	(c)	Karl Marx	O
	(d)	Prof. Chamberlin	O
15.	In a competitive market is the price maker :		
	(a)	Firm	O
	(b)	Consumer	O
	(c)	Industry	O
	(d)	Trade association	O
16.	In monopoly market there is :		
	(a)	A single firm, many substitute identical product	O



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	(b)	A single product, many firm	O
	(c)	A single firm, single product	O
	(d)	None of the above	O
17.	Penetration pricing means :		
	(a)	price will be raised later after gaining market share	O
	(b)	price will reduced after gaining market share	O
	(c)	reduce price when loosing market share	O
	(d)	None of these	O
18.	One of the example of Oligopoly market is :		
	(a)	Cartel	O
	(b)	Cosmetic industry	O
	(c)	Technology	O
	(d)	automobile industry	O
19.	Money market includes		
	(a)	Government securities	O
	(b)	Bills of exchange	O
	(c)	Treasury bill	O
	(d)	All the above	O
20.	Money market is controlled by		
	(a)	Government	O
	(b)	R.B.I	O
	(c)	S.B.I	O
	(d)	All the above	O
21.	FERA has been replaced by:		
	(a)	FENA	O
	(b)	MRTP	O
	(c)	FINA	O



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	(d)	FEMA	O
22.	RBI check inflation by		
	(a)	Increasing CRR	O
	(b)	Increasing bank rate	O
	(c)	Both	O
	(d)	None	O
23.	Supply of money refers to :		
	(a)	Total money with all the commercial banks and RBI	O
	(b)	Total money held by the public	O
	(c)	Total money in Government account	O
	(d)	Total money held by RBI	O
24.	Which of the following function does money serve when used to measure the prices of different goods and services?		
	(a)	Standard of value	O
	(b)	Store of value	O
	(c)	Medium of exchange	O
	(d)	Display of power	O
25.	Which of these would lead to fall in demand for money?		
	(a)	Inflation	O
	(b)	Increase in real rate of interest	O
	(c)	Increase in real income	O
	(d)	Increase in wealth	O
26.	Which is the apex bank for agricultural credit in India?		
	(a)	SIDBI	O
	(b)	RBI	O
	(c)	IDBI	O
	(d)	NABARD	O



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27.	RBI was nationalized in:		
	(a)	April 1936	O
	(b)	March 1954	O
	(c)	Jan. 1949	O
	(d)	June 1947	O
28.	In Indian money market, who are the main borrowers of short-term funds		
	(a)	central government	O
	(b)	State government	O
	(c)	Local bodies	O
	(d)	All the above	O
29.	Profit is the difference between.....		
	(a)	Total cost and total revenue	O
	(b)	Total revenue and total cost	O
	(c)	Both A & B	O
	(d)	None	O
30.	The term 'T' in SWOT Analysis is :		
	(a)	Transparency	O
	(b)	Transaction	O
	(c)	Total revenue	O
	(d)	Threat	O
31.	The term 'S' in PESTEL stands for-		
	(a)	Strength	O
	(b)	Socio-economic	O
	(c)	Sustainability	O
	(d)	None	O



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32.	VUCA is an acronym , first used in :		
	(a)	1983	O
	(b)	1985	O
	(c)	1987	O
	(d)	1989	O
33.	The term 'W' in SWOT Analysis is :		
	(a)	Wellness	O
	(b)	Waste	O
	(c)	Wealth	O
	(d)	Weakness	O
34.	NPCI has been pivotal to the emergence of the digital payment ecosystem in India. NPCI stands for:		
	(a)	National Payments Corporation of India	
	(b)	National Public Corporation of India	
	(c)	National Payments Cell of India	
	(d)	Nature Public Corporation of India	
35.	Which of the following is not a component of VUCAFU?		
	(a)	Clarity	O
	(b)	Uncertainty	O
	(c)	Volatility	O
	(d)	Ambiguity	O
36.	Which is inherent in managerial job and embodied in all the functions of management?		
	(a)	Planning	O
	(b)	Control	O
	(c)	Organising	O
	(d)	Co-ordination	O



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37.	_____ is defined as the process of obtaining and maintaining the capable and competent people to fill all positions from top to operative level.		
	(a)	Staffing	O
	(b)	Selection	O
	(c)	Training	O
	(d)	Recruitment	O
38.	_____ involves missions and objectives.		
	(a)	Planning	O
	(b)	Organizing	O
	(c)	Staffing	O
	(d)	Coordination	O
39.	Money market includes		
	(a)	Government securities	O
	(b)	Bills of exchange	O
	(c)	Treasury bill	O
	(d)	All the above	O
40.	The view that sees profit maximization as the main objective is known as:		
	(a)	Stakeholder theory	O
	(b)	Shareholder theory	O
	(c)	Stewardship theory	O
	(d)	Agency Theory	O
41.	Selection is a process of rejection and hence it is called a _____ process :		
	(a)	Positive	O
	(b)	Negative	O
	(c)	Either (a) or (b)	O
	(d)	None	O



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42.	T-group training is also known as :		
	(a)	Apprenticeship Training	O
	(b)	Classroom Training	O
	(c)	Internship Training	O
	(d)	Sensitivity Training	O
43.	Training conducted away from the actual work setting is called:		
	(a)	Off-the-Job training	O
	(b)	On-the-Job Training	O
	(c)	Step-by-Step Training	O
	(d)	Job-Instruction Training	O
44.	Which of the following are the methods of off-the-job training?		
	(a)	Case studies	O
	(b)	Lectures, classroom instruction	O
	(c)	Role playing	O
	(d)	All of the above	O
45.	_____ refers to the introduction of a person to the job and the organization.		
	(a)	Placement	O
	(b)	Induction	O
	(c)	Orientation	O
	(d)	None of the above	O
46.	Which activity brings the job-seeker and employer in contact with one another?		
	(a)	Recruitment	O
	(b)	Selection	O
	(c)	Induction	O
	(d)	Placement	O



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47.	The premises over which a firm has no control are known as		
	(a)	Semi-Controllable premises	O
	(b)	Uncontrollable premises	O
	(c)	Controllable premises	O
	(d)	None of the above	O
48.	External sources of recruitment include:		
	(a)	Advertisements	O
	(b)	Employee walk-ins	O
	(c)	Employment Exchanges	O
	(d)	All of the above	O
49.	Which of the following is not an agency cost?		
	(a)	Residual loss.	O
	(b)	Concurrent loss	O
	(c)	Bonding costs.	O
	(d)	Monitoring costs.	O
50.	Which of the following regarding agency theory is correct?		
	(a)	Agency theory only applies to large entities.	O
	(b)	Agents act in the best interest of the principal.	O
	(c)	Agents are assumed to be in a position of power.	O
	(d)	Agency theory defines the relationship between agents and directors.	O