

FUNDAMENTALS OF BUSINESS ECONOMICS AND MANAGEMENT

Time Allowed: 1 hour

Full Marks: 100 (2×50)

SECTION A: FUNDAMENTALS OF BUSINESS ECONOMICS (70 marks)

51. "Economics is the study of science of wealth." According to _____ .
(A) Adam Smith
(B) David Ricardo
(C) J.S. Mill
(D) J.B. Say
52. Which one of the following is not true in case of Robbin's definition of Economics?
(A) unlimited wants
(B) unlimited resources
(C) alternative uses of limited resources
(D) problem of choice
53. Which one of the following points does not support "Economics as a positive science"?
(A) It explains "What it is".
(B) It explains about the things as they are.
(C) It does not relate to value judgements.
(D) It deals with right and wrong.
54. Which one of the following is an example of National Wealth?
(A) money in cash
(B) company shares
(C) stocks of commodities
(D) public educational institutions
55. Increase in real capital stock is associated with _____.
(A) portfolio investment
(B) inventory investment
(C) real investment
(D) fixed investment
56. The consumer demands more goods when the price is less. This is because demand curve slopes _____.
(A) downward from left to right
(B) downward from right to left
(C) parallel to X-axis
(D) parallel to Y-axis
57. If one good is used in the place of another good to satisfy the same want, it is called _____.
(A) superior good
(B) inferior good
(C) substitute good
(D) complementary good
58. In the case of luxury goods, the value of elasticity is _____.
(A) equal to zero
(B) equal to one
(C) greater than one
(D) less than one
59. Setting the price low in order to attract customers is known as _____.
(A) Dynamic pricing
(B) Cost-plus pricing
(C) Psychological pricing
(D) Penetration pricing
60. On the basis of competition among the sellers, market can be classified into _____ types.
(A) two
(B) three
(C) four
(D) five

61. In the long-period equilibrium, a firm will reach the Break-even Point when _____ .

- (A) $AR > AC$
- (B) $AR = AC$
- (C) $AR < AC$
- (D) $AR = \text{infinity}$

62. 'No close substitute' is the feature of _____ .

- (A) Monopoly market
- (B) Duopoly market
- (C) Oligopoly market
- (D) Monopolistically competitive market

63. If the price is decreased by the seller to sell more of output, then _____ .

- (A) both AR & MR are falling
- (B) both AR & MR are rising
- (C) only AR is rising
- (D) only MR is falling

64. Gas industry is an example of _____ .

- (A) Monopoly
- (B) Duopoly
- (C) Oligopoly
- (D) Monopolistic Competition

65. According to _____, each producer can lower the price until the price is equal to the cost of production.

- (A) Stackleberg Duopoly Model
- (B) Bertrand Duopoly Model
- (C) Cournot's Duopoly Model
- (D) Edgeworth Model

66. Imperfect knowledge of the buyers is associated with _____ .

- (A) Perfectly Competitive market
- (B) Monopoly market
- (C) Monopolistic market
- (D) Duopoly market

67. Block Pricing is associated with _____ .

- (A) Price Discrimination of first degree
- (B) Price Discrimination of second degree
- (C) Price Discrimination of third degree
- (D) Price Discrimination of fourth degree

68. Average Selling Cost Curve in Monopolistic Competition is _____ .

- (A) U-shaped
- (B) L-shaped
- (C) Parallel to the X-axis
- (D) Rectangular hyperbola

69. The subject matter of economics includes _____ types of distribution.

- (A) 4
- (B) 3
- (C) 5
- (D) 2

70. Gold coin is an example of _____ .

- (A) Commodity money
- (B) Fiat money
- (C) Fiduciary money
- (D) Commercial Bank money

71. Which one of the following components of money supply includes 'Term Deposit over one year maturity'?

- (A) M1
- (B) M2
- (C) M3
- (D) M4

72. Gresham's law states that _____.

- (A) bad money drives good money in circulation
- (B) bad money drives good money out of circulation
- (C) good money drives bad money in circulation
- (D) good money drives bad money out of circulation

73. Which one of the following assumptions does not characterize Fisher's equation?

- (A) Velocity of money is constant.
- (B) Gross national product is constant.
- (C) The theory assumes money demand is for transactional purpose only.
- (D) The theory assumes money demand is for speculative purpose only.

74. The primary causes of inflation are of _____ types.

- (A) 4
- (B) 2
- (C) 3
- (D) 5

75. Which one of the following causes does not characterize 'cost-push inflation'?

- (A) Deficit financing
- (B) Indirect taxes
- (C) Wage rate
- (D) Import price

76. Contingent functions of money include _____.

- (A) measure of value
- (B) store of value
- (C) transfer of money
- (D) basis of credit

77. Term deposits are also known as _____.

- (A) Current deposits
- (B) Saving deposits
- (C) Fixed deposits
- (D) Recurring deposits

78. Which one of the following is included in the 'Principle of Solvency'?

- (A) A driving force of commercial bank is to generate profit.
- (B) A commercial bank should maintain a required capital to run its business.
- (C) A commercial bank always try to earn profit through sound investment.
- (D) A commercial bank never goes for unnecessary expenditure.

79. Which one of the following functions of a Central Bank does not comply with the concept of 'Banker to Government'?

- (A) to maintain the accounts of the government funds
- (B) to issue new loans on behalf of the government
- (C) to manage public debt
- (D) to maintain minimum cash reserves with the Central Bank as a statutory obligation

80. Industrial Financial Corporation of India was established in

- (A) 1948
- (B) 1949
- (C) 1950
- (D) 1951

81. SWIFT is a _____.

- (A) secure messaging network of financial institutions worldwide
- (B) bank for international settlements
- (C) bank to provide credit to MSMEs
- (D) bank to resolve bad loans

82. The external business environment can be classified into _____ types.

- (A) 2
- (B) 3
- (C) 4
- (D) 5

83. Strategic decision on "outsourcing" depends on _____.

- (A) customers' environment
- (B) suppliers' environment
- (C) competitors' environment
- (D) marketing intermediaries' environment

84. 'The ethical standards and state of the society' are included in the _____.

- (A) Demographic environment
- (B) Economic environment
- (C) Socio-Cultural environment
- (D) Political-Legal environment

85. PESTEL stands for _____ factors.

- (A) Political, Economic, Sustainable, Technological, Environmental, Legal
- (B) Political, Economic, Social, Technological, Environmental, Legal
- (C) Political, Ethical, Social, Technological, Environmental, Legal
- (D) Political, Ethical, Sustainable, Technological, Environmental, Legal

SECTION B: FUNDAMENTALS OF MANAGEMENT
(30 marks)

86. According to _____, "Management is defined as the process by which a co-operative group directs action towards common goals".

- (A) Terry
- (B) Fayol
- (C) Massie
- (D) Koontz and O'Donnell

87. Which one of the following does not characterise 'Management as a Science'?

- (A) universally accepted principles
- (B) practical knowledge
- (C) experimentation and observation
- (D) test of validity

88. Agency Costs were proposed by _____.

- (A) Jensen and Fama
- (B) Jensen and Meckling
- (C) Alchian and Demsetz
- (D) Scleifer and Vishney

89. There can be no leadership without _____.

- (A) managers
- (B) subordinates
- (C) followers
- (D) superiors

90. Which one of the following represents 'Performance monitoring'?

- (A) It aims to provide the information needed to deal with problems.
- (B) It aims to assess the changes brought about by a project.
- (C) It aims to track the perceptions of project beneficiaries.
- (D) It aims to collect indicators relating to the external environment.

91. Who observed that 'control is a process that guides activity towards the pre-determined goal'?

- (A) Hicks and Gullet
- (B) Koontz and O'Donnell
- (C) Haynes and Massie
- (D) Newman and Summer

92. Uncertainty in planning arises due to _____.

- (A) attitudes of the management
- (B) sudden changes in the environment
- (C) lack of specific activities
- (D) lack of training for the managers

93. Which one of the following is an example of controllable premises of planning?

- (A) Strike
- (B) Labour turnover
- (C) Credit policies
- (D) Innovations

94. Who defines Organizing as "establishing the effective authority relationships among the selected works, persons and workplaces in order that the group can work together effectively"?

- (A) Terry
- (B) Allen
- (C) Koontz and O'Donnell
- (D) McFarland and Simon

95. Which one of the following components does not characterize the leadership function in the management process?

- (A) motivating employees
- (B) improving moral character of employees
- (C) influencing employees
- (D) forming effective groups

96. Who observed that communication is the "process whereby decisional premises are transmitted from one member of an organization to another"?

- (A) Simon
- (B) Allen
- (C) McFarland
- (D) Newman

97. Which one of the following complies with 'Principle of Direct Contact' in coordination?

- (A) It must start during the planning stage.
- (B) It must begin when the organization starts.
- (C) It helps to avoid misunderstandings.
- (D) It helps to know the organizational objective clearly.

98. How many success factors are needed to have strong collaboration skills?

- (A) 5
- (B) 6
- (C) 7
- (D) 8

99. Adjustment of performance is concerned with _____.

- (A) Feedback control
- (B) Feedforward control
- (C) Concurrent control
- (D) Effective control

100. "Military" form of organization is associated with _____.

- (A) Line organization
- (B) Line and Staff organization
- (C) Functional organization
- (D) Committee organization

(14)

Space for Rough Work