

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 _____ .
- $AR > AC$
 - $AR = AC$
 - $AR < AC$
 - $AR = \text{infinity}$
62. 'No close substitute' is the feature of _____ .
- Monopoly market
 - Duopoly market
 - Oligopoly market
 - Monopolistically competitive market
63. If the price is decreased by the seller to sell more of output, then _____ .
- both AR & MR are falling
 - both AR & MR are rising
 - only AR is rising
 - only MR is falling
64. Gas industry is an example of _____ .
- Monopoly
 - Duopoly
 - Oligopoly
 - Monopolistic Competition
65. According to _____, each producer can lower the price until the price is equal to the cost of production.
- Stackleberg Duopoly Model
 - Bertrand Duopoly Model
 - Cournot's Duopoly Model
 - Edgeworth Model
66. Imperfect knowledge of the buyers is associated with _____ .
- Perfectly Competitive market
 - Monopoly market
 - Monopolistic market
 - Duopoly market
67. Block Pricing is associated with _____ .
- Price Discrimination of first degree
 - Price Discrimination of second degree
 - Price Discrimination of third degree
 - Price Discrimination of fourth degree
68. Average Selling Cost Curve in Monopolistic Competition is _____ .
- U-shaped
 - L-shaped
 - Parallel to the X-axis
 - Rectangular hyperbola
69. The subject matter of economics includes _____ types of distribution.
- 4
 - 3
 - 5
 - 2
70. Gold coin is an example of _____ .
- Commodity money
 - Fiat money
 - Fiduciary money
 - 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