

## FUNDAMENTALS OF BUSINESS ECONOMICS AND MANAGEMENT

Time Allowed: 1 hour

Full Marks: 100 (2×50)

Choose the correct option from the four alternatives given.

## SECTION A: FUNDAMENTALS OF BUSINESS ECONOMICS (70 marks)

51. A good can be considered a normal good, if an increase in the income of a consumer causes \_\_\_\_\_ in demand of the given good.

- ☒ (A) increase
- ☒ (B) no change
- (C) decrease
- (D) less than proportionate increase

52. Which of the following costs declines continuously?

- (A) Average Variable Cost
- ☒ (B) Marginal Cost
- (C) Total Fixed Cost
- (D) Average Fixed Cost

53. 'Homogenous product' is a characteristic of \_\_\_\_\_.

- ☒ (A) Perfect Competition only
- (B) Perfect Oligopoly only
- ☒ (C) both (A) and (B)
- (D) none of the above

54. The objectives of business are related to \_\_\_\_\_.

- (A) survival
- (B) customer satisfaction
- (C) employee welfare
- ☒ (D) all of the above

55. Another name for Bank Reserve Ratio is \_\_\_\_\_.

- ☒ (A) Cash Reserve Ratio
- (B) Statutory Liquid Ratio
- (C) Variable Reserve Ratio
- (D) Bank Rate

56. Which of the following is not a market structure in Economics?

- (A) Perfect Competition
- (B) Monopoly
- (C) Duopoly
- ☒ (D) Intense Competition

57. Which of the following will lead to shift in the PPF?

- (A) Upgradation of technology
- (B) Exploration of new oil reserves
- ☒ (C) Massive unemployment
- (D) none of the above

58. Given a Legal Reserve Ratio of 20%, an initial deposit of ₹ 1,000 in a banking system would create secondary deposit of \_\_\_\_\_.

- (A) ₹ 3,000
- ☒ (B) ₹ 4,000
- (C) ₹ 5,000
- (D) ₹ 6,000

59. The PESTEL Analysis is \_\_\_\_\_.

- (A) simple to understand and tough to implement
- ☒ (B) simple to understand and quick to implement
- (C) tough to understand and easy to implement
- (D) tough to understand and tough to implement

60. The MP Curve intersects the AP Curve, when the AP is \_\_\_\_\_.

- (A) minimum
- (B) constant
- ☒ (C) maximum
- (D) falling



61. Consider the following table:

Production possibilities	A	B	C	D	E
Guns (units)	0	1	2	3	4
Butter (units)	10	9	7	4	0

The Opportunity Cost of increasing the production of guns from 2 units to 3 units is \_\_\_\_\_ units of butter.

- (A) 7
- (B) 2
- (C) 4
- (D) 3

62. The most fearful situation in the banking industry is the accumulation of \_\_\_\_\_.

- (A) interest payable to depositors
- (B) non-performing assets
- (C) unutilised deposits
- (D) unpaid employee wages

63. If there is no change in quantity demanded to any change in price, then demand is \_\_\_\_\_ and demand curve is \_\_\_\_\_.

- (A) perfectly elastic, horizontal straight line
- (B) perfectly elastic, vertical straight line
- (C) perfectly inelastic, horizontal straight line
- (D) perfectly inelastic, vertical straight line

64. In the short run, if  $P > ATC$  in a Monopolistic Competition, the firm \_\_\_\_\_.

- (A) earns profit and new firms enter the market
- (B) earns profit and bars entry of new firms
- (C) incurs losses and exits the market
- (D) earns quick profits and disappears

65. Expenditure incurred by the producers to promote sale of their products is termed as \_\_\_\_\_.

- (A) explicit cost
- (B) implicit cost
- (C) selling cost
- (D) fixed cost

66. Who regulates money supply?

- (A) Govt. of India
- (B) Reserve Bank of India
- (C) Commercial Banks
- (D) Planning Commission

67. Uncertainty means \_\_\_\_\_.

- (A) abundance of clarity
- (B) lack of clarity
- (C) lack of confidence
- (D) none of the above

68. If  $MU_X / P_X > MU_Y / P_Y$ , then to reach the equilibrium position, the consumer should \_\_\_\_\_.

- (A) stop buying any commodity
- (B) buy both the commodities in equal quantity
- (C) buy more of X and less of Y
- (D) buy more of Y and less of X

69. The firm and the industry are one and the same in \_\_\_\_\_.

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

70. Which one of the following is termed as legal tender money?

- (A) Demand Deposits
- (B) Time Deposits
- (C) Inter-bank Deposits
- (D) Currency Notes



71. The alphabet 'V' in VUCAFU stands for

- (A) Violence
- (B) Victory
- (C) Volatility
- (D) Victimisation

72. If the consumption of an additional unit of a commodity causes no change in Total Utility, then the resultant Marginal Utility is

- (A) zero
- (B) positive
- (C) negative
- (D) constant

73. 'Toothpaste' is a product of which of the following market forms?

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

74. Which of the following is not a limitation of the barter system?

- (A) Lack of double coincidence of wants
- (B) Lack of store of value
- (C) Lack of common measure of value
- (D) Lack of transfer of value

75. Which of the following banks operates in public interest without any profit motive?

- (A) Reserve Bank of India
- (B) State Bank of India
- (C) ICICI Bank
- (D) Punjab National Bank

76. In India, paper notes are

- (A) limited legal tender
- (B) unlimited legal tender
- (C) both (A) & (B)
- (D) none of the above

77. Pricing for selling the same commodity at different prices is known as

- (A) Skimming Pricing
- (B) Differential Pricing
- (C) Penetration Pricing
- (D) Cost-plus Pricing

78. What will be the effect of increase in the Repo Rate on the money supply?

- (A) increase
- (B) decrease
- (C) remains same
- (D) increase initially then decrease

79. Shut down situation for a firm comes when

- (A) price is equal to fixed cost
- (B) price is more than average fixed cost
- (C) price is less than average variable cost
- (D) price is more than average variable cost

80. OPEC is an example of

- (A) Perfect Competition
- (B) Monopolistic Competition
- (C) Monopoly
- (D) Cartel

81. The lender of last resort is a function of the

- (A) Central Government
- (B) Central Bank
- (C) Commercial Bank
- (D) EXIM Bank



82. Which of the following is a characteristic of a price-taker firm?

- (A)  $TR = P \times Q$
- (B)  $AR = \text{Price}$
- (C)  $MR = \text{Price}$
- (D) all of the above

84. Demand Curve under Perfect Competition is \_\_\_\_\_.

- (A) downward sloping
- (B) horizontal
- (C) upward sloping
- (D) vertical

83. Deficit Financing means \_\_\_\_\_.

- (A) financing budgetary deficit by borrowing
- (B) financing budgetary deficit by printing money
- (C) both (A) & (B)
- (D) none of the above

85. Reverse Repo Rate is the rate at which the Central Bank of any country \_\_\_\_\_.

- (A) lends money to the commercial banks for short-term
- (B) lends money to the commercial banks for long-term
- (C) accepts deposits from the commercial banks
- (D) none of the above

### SECTION B: FUNDAMENTALS OF MANAGEMENT (30 marks)

86. \_\_\_\_\_ is the process that involves the growth of an employee.

- (A) Transfer
- (B) Development
- (C) Merit Rating
- (D) none of the above

87. The blend of top-down and bottom-up approaches in Planning is known as \_\_\_\_\_.

- (A) Top-Bottom approach
- (B) Up-Down approach
- (C) Composite approach
- (D) Team approach

88. The process of Communication starts with the \_\_\_\_\_.

- (A) supervisor
- (B) sender
- (C) receiver
- (D) none of the above

89. Absenteeism and labour turnover are reduced in case of the following type of leadership:

- (A) Autocratic
- (B) Democratic
- (C) Free rein
- (D) none of the above

90. Who developed a theory of Motivation on the basis of hypotheses relating to human behaviour?

- (A) McGregor
- (B) Adams
- (C) Vroom
- (D) Herzberg



An example of physiological need is

- (A) pension scheme
- (B) competence
- (C) work groups
- (D) none of the above

92. In the Managerial Grid, the style of management which depicts the leader who is neither concerned about the people nor does he/she care about the task to be performed is \_\_\_\_\_.

- (A) Task Management
- (B) Impoverished
- (C) Country Club
- (D) Team Management

93. The first step in the decision-making process is \_\_\_\_\_.

- (A) identifying and diagnosing the real problem
- (B) evaluation of the alternatives
- (C) developing the alternatives
- (D) implementing the best alternative

94. Brainstorming is one of the \_\_\_\_\_ techniques.

- (A) creative
- (B) assertive
- (C) heuristic
- (D) none of the above

95. The decision taken by the lower-level management is a \_\_\_\_\_ decision.

- (A) programmed
- (B) non-programmed
- (C) major
- (D) none of the above

96. 'Management is a \_\_\_\_\_ process'. Choose the incorrect option.

- (A) goal-oriented
- (B) universal
- (C) continuous
- (D) rigid

97. \_\_\_\_\_ is defined as the process of obtaining and maintaining capable and competent people to fill all the positions from the top to the operative level.

- (A) Staffing
- (B) Selection
- (C) Recruitment
- (D) Training

98. Which of the following methods are employed to provide on-the-job training?

- (A) Coaching
- (B) Job Rotation
- (C) Mentoring
- (D) all of the above

99. \_\_\_\_\_ is the artery of an organisation through which the decisions and instructions of the management flow down to the lowest level.

- (A) Communication
- (B) Information
- (C) Message
- (D) none of the above

100. A thirsty person may use body language by lifting the thumb to his/ her mouth in order to communicate that he/she needs drinking water. This process is called \_\_\_\_\_.

- (A) Medium
- (B) Encoding
- (C) Decoding
- (D) Feedback