

## 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

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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) Victimization

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

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

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

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

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

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)

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