



## FOUNDATION EXAMINATION

### MODEL QUESTION PAPER

TERM – JUNE 2024

### PAPER - 4

#### FUNDAMENTALS OF BUSINESS ECONOMICS AND MANAGEMENT

Time Allowed: 1 Hour

Full Marks: 100

Answer all questions. Each question carries 2 marks.

1.	If the price of burger rises from ₹ 12 per piece to ₹ 20 per piece as a result of which the daily sales decrease from 300 to 200 pieces per day. The price elasticity of demand can be estimated as:	
	(a) 0.5	O
	(b) 0.8	O
	(c) 0.25	O
	(d) 2.1	O
2.	An increase in price will result in an increase in total revenue if	
	(a) percentage change in quantity demanded is greater than the percentage change in price	O
	(b) percentage change in quantity demanded is less than the percentage change in price	O
	(c) percentage change in quantity demanded is equal to the percentage change in price	O
	(d) none	O
3.	Which of these will have highly inelastic supply?	
	(a) perishable goods	O
	(b) consumer durables goods	O
	(c) Items of elite class consumption	O
	(d) All the three	O
4.	Variable factor means those factors of production	
	(a) Which can be only changed in the long run?	O
	(b) Which can be changed in the short run?	O
	(c) Which can be never be changed	O
	(d) Both (a) & (b) correct	O
5.	Why does the Law of Increasing Returns operate?	



## FOUNDATION EXAMINATION

### MODEL QUESTION PAPER

TERM – JUNE 2024

#### PAPER - 4

### FUNDAMENTALS OF BUSINESS ECONOMICS AND MANAGEMENT

	(a)	Full use of Fixed Indivisible Factors.	O
	(b)	Efficiency of Variable Factors	O
	(c)	Need to reach the right combination	O
	(d)	All of the above	O
6.		Socialistic nature of an economy means	
	(a)	income and wealth are owned by the capitalists	O
	(b)	income and wealth are owned by the labour class	O
	(c)	income and wealth are owned by the state and public	O
	(d)	All	O
7.		The labour surplus is the difference between value of output minus	
	(a)	Values of materials used	O
	(b)	Values of fixed land used	O
	(c)	Values of capital used	O
	(d)	none	O
8.		Which of the following is/are an essential feature of the market :	
	(a)	Buyers	O
	(b)	Sellers	O
	(c)	Price	O
	(d)	All the three	O
9.		In the long run price is governed by .....	
	(a)	Cost of Production	O
	(b)	Demand supply forces	O
	(c)	Marginal utility	O
	(d)	None	O
10.		In the long run a firm in perfect competition earns :	



## FOUNDATION EXAMINATION

### MODEL QUESTION PAPER

TERM – JUNE 2024

### PAPER - 4

#### FUNDAMENTALS OF BUSINESS ECONOMICS AND MANAGEMENT

	(a)	Normal profit only	O
	(b)	Abnormal profit	O
	(c)	Average profit of past five years	O
	(d)	12.33% profits on capital employed	O
11.	A firm that makes profit in excess of normal profit is earning		
	(a)	Economic profit	O
	(b)	Costing profit	O
	(c)	Normal profit	O
	(d)	Super normal profit	O
12.	The market state that satisfy all the essential features of a perfect competitive market except identity of product is known as :		
	(a)	Oligopoly	O
	(b)	Duopoly	O
	(c)	Monopoly	O
	(d)	Monopolistic competition	O
13.	Which of these is associated with a monopolistic competitive market –		
	(a)	Product differentiation	O
	(b)	Homogeneous Product	O
	(c)	Normal in short run	O
	(d)	Single buyer	O
14.	A Monopoly demand curve is :		
	(a)	Same as its average revenue curve	O
	(b)	Same as its supply curve	O
	(c)	Same as marginal cost curve	O
	(d)	None of these	O

**FOUNDATION EXAMINATION****MODEL QUESTION PAPER****TERM – JUNE 2024****PAPER - 4****FUNDAMENTALS OF BUSINESS ECONOMICS AND MANAGEMENT**

15.	Penetration pricing means :	
	(a) price will reduced after gaining market share	O
	(b) reduce price when loosing market share	O
	(c) price will be raised later after gaining market share	O
	(d) None of these	O
16.	In monopoly market there is :	
	(a) A single firm ,single product	O
	(b) A single firm, many substitute identical product	O
	(c) A single product , many firm	O
	(d) None of the above	O
17.	the concept of monopolistic competition market was introduced by :	
	(a) Alfred Marshall	O
	(b) Prof. Chamberlin	O
	(c) Karl Marx	O
	(d) John Rabinson	O
18.	Optional money is a:	
	(a) Legal tender money	O
	(b) Non-legal tender money	O
	(c) Limited legal tender money	O
	(d) Full bodied money	O
19.	Which of the following function does money serve when used to measure the prices of different goods and services?	
	(a) Store of value	O
	(b) Medium of exchange	O
	(c) Standard of value	O
	(d) Display of power	O

**FOUNDATION EXAMINATION****MODEL QUESTION PAPER****TERM – JUNE 2024****PAPER - 4****FUNDAMENTALS OF BUSINESS ECONOMICS AND MANAGEMENT**

20.	Supply of money refers to :	
	(a) Total money held by the public	O
	(b) Total money held by RBI	O
	(c) Total money with all the commercial banks and RBI	O
	(d) Total money in Government account	O
21.	Which is the apex bank for agricultural credit in India?	
	(a) RBI	O
	(b) SIDBI	O
	(c) NABARD	O
	(d) IDBI	O
22.	RBI check inflation by	
	(a) Increasing bank rate	O
	(b) Increasing CRR	O
	(c) Both	O
	(d) None	O
23.	Manipulation in CRR enables the RBI to .....	
	(a) Influence the lending ability of the commercial banks	O
	(b) Check unemployment growth	O
	(c) Check poverty	O
	(d) Increase GDP	O
24.	RBI was nationalized in:	
	(a) June 1947	O
	(b) Jan. 1949	O
	(c) March 1954	O
	(d) April 1936	O

**FOUNDATION EXAMINATION****MODEL QUESTION PAPER****TERM – JUNE 2024****PAPER - 4****FUNDAMENTALS OF BUSINESS ECONOMICS AND MANAGEMENT**

25.	Repo transaction means :	
	(a) Sale of securities by the bolder to the investor with the agreement to purchase them at a predetermined rate and date	O
	(b) Sale of securities by the holder to the investor with the agreement to resell them at a predetermined rate and date.	O
	(c) Sale and purchase of securities by the holder to the investor with the agreement to purchase them at the prevailing rate and date	O
	(d) Sale of securities by the holder to the investor with the agreement to purchase them at market driven rate.	O
26.	Commercial banks provide collateral loans against .....	
	(a) bonds	O
	(b) govt. security	O
	(c) both A & B	O
	(d) None	O
27.	In call money market funds are borrowed or lent without any security for the period of...	
	(a) one day	O
	(b) 14 days	O
	(c) a & b	O
	(d) None	O
28.	The term ‘T’ in SWOT Analysis is :	
	(a) Transparency	O
	(b) Total revenue	O
	(c) Threat	O
	(d) Transaction	O



## FOUNDATION EXAMINATION

### MODEL QUESTION PAPER

TERM – JUNE 2024

### PAPER - 4

#### FUNDAMENTALS OF BUSINESS ECONOMICS AND MANAGEMENT

29.	The term ‘S’ in PESTEL stands for-	
	(a) Strength	O
	(b) Socio-economic	O
	(c) Sustainability	O
	(d) None	O
30.	Which of the following is not a component of VUCAFU?	
	(a) Uncertainty	O
	(b) Ambiguity	O
	(c) Clarity	O
	(d) Volatility	O
31.	NPCI has been pivotal to the emergence of the digital payment ecosystem in India. NPCI stands for:	
	(a) National Payments Corporation of India	O
	(b) National Public Corporation of India	O
	(c) National Payments Cell of India	O
	(d) Nature Public Corporation of India	O
32.	In PESTEL Analysis, government policy, political stability or instability, corruption, foreign trade policy, tax policy, labour law, trade restrictions etc. are related to:	
	(a) Political factors	O
	(b) Economic factors	O
	(c) Environmental factors	O
	(d) Legal factors	O
33.	VUCA is an acronym , first used in :	
	(a) 1984	O
	(b) 1987	O

**FOUNDATION EXAMINATION****MODEL QUESTION PAPER****TERM – JUNE 2024****PAPER - 4****FUNDAMENTALS OF BUSINESS ECONOMICS AND MANAGEMENT**

	(c)	1997	O
	(d)	1992	O
34.	The components of micro business environment are-		
	(a)	Firms and consumers	O
	(b)	Market & competitors	O
	(c)	Organization	O
	(d)	All	O
35.	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
36.	Which is inherent in managerial job and embodied in all the functions of management?		
	(a)	Planning	O
	(b)	Organising	O
	(c)	Control	O
	(d)	Co-ordination	O
37.	Who emphasized harmony of objectives is crucial to the success of direction?		
	(a)	F.W.Taylor	O
	(b)	Henry Fayol	O
	(c)	Peter Drucker	O
	(d)	George Terr	O
38.	Which of the following is not a function of managers?		



## FOUNDATION EXAMINATION

### MODEL QUESTION PAPER

TERM – JUNE 2024

### PAPER - 4

#### FUNDAMENTALS OF BUSINESS ECONOMICS AND MANAGEMENT

	(a)	Designing	O
	(b)	Organizing	O
	(c)	Leading	O
	(d)	Planning	O
39.	The view that sees profit maximization as the main objective is known as:		
	(a)	Shareholder theory	O
	(b)	Agency Theory	O
	(c)	Stakeholder theory	O
	(d)	Stewardship theory	O
40.	'Agency Theory' developed by :		
	(a)	Alchian and Demsetz	O
	(b)	Jensen and Meckling	O
	(c)	Jensen and Fama	O
	(d)	All of the above	O
41.	Which of the following is not an agency cost?		
	(a)	Residual loss.	O
	(b)	Bonding costs.	O
	(c)	Concurrent loss	O
	(d)	Monitoring costs.	O
42.	_____ 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)	Recruitment	O
	(d)	Training	O



## FOUNDATION EXAMINATION

### MODEL QUESTION PAPER

TERM – JUNE 2024

### PAPER - 4

#### FUNDAMENTALS OF BUSINESS ECONOMICS AND MANAGEMENT

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

**FOUNDATION EXAMINATION****MODEL QUESTION PAPER****TERM – JUNE 2024****PAPER - 4****FUNDAMENTALS OF BUSINESS ECONOMICS AND MANAGEMENT**

	(c)	Induction	O
	(d)	Placement	O
48.		Who contends that “Training is an act of increasing the knowledge and skill of an employee for doing a particular job”?	
	(a)	Edwin Flippo	O
	(b)	Michael J. Jucius	O
	(c)	O. Jeff Harris	O
	(d)	Andrew Carnegie	O
49.		The premises over which a firm has no control are known as	
	(a)	Controllable premises	O
	(b)	Semi-Controllable premises	O
	(c)	Uncontrollable premises	O
	(d)	None of the above	O
50.		Which of the following statements is not correct?	
	(a)	Management is a goal-oriented process	O
	(b)	Management is a universal process	O
	(c)	Management is a continuous process	O
	(d)	Management is a rigid process	O