



FOUNDATION EXAMINATION
MODEL QUESTION PAPER
PAPER - 4

SET 1
TERM – JUNE 2023

FUNDAMENTALS OF BUSINESS ECONOMICS AND MANAGEMENT

Time Allowed: 1 Hour

Full Marks: 100

Answer all questions. Each question carries 2 marks.

1. The term 'T' in SWOT Analysis is
 - (a) Transparency
 - (b) Total revenue
 - (c) Threat
 - (d) Transaction

2. A Monopoly demand curve is
 - (a) Same as its average revenue curve
 - (b) Same as its supply curve
 - (c) Same as its average cost curve
 - (d) Same as its marginal cost curve

3. Which one of the following oligopolistic model insists on co-operation?
 - (a) Cournot's model
 - (b) Bertrand model
 - (c) Collusive oligopoly model
 - (d) Edgeworth model

4. If the price elasticity of demand for wine is estimated to be -6, then a 20% increase in price of wine will lead to in quantity demanded of wine at that price
 - (a) 12% increase
 - (b) 12% decrease
 - (c) 19.6% increase
 - (d) 20.6% decrease

5. The market state that satisfy all the essential features of a perfect competitive market except identity of product is known as
 - (a) Oligopoly
 - (b) Duopoly
 - (c) Monopoly
 - (d) Monopolistic competition



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6. Which of the following is an objective of business?
- (a) Sales maximization O
 - (b) Customer Satisfaction O
 - (c) Financial Solvency O
 - (d) All of the above O
7. Which is the apex bank for agricultural credit in India?
- (a) RBI O
 - (b) SIDBI O
 - (c) NABARD O
 - (d) IDBI O
8. The components of micro business environment are
- (a) Firms and consumers O
 - (b) Market & competitors O
 - (c) Organization O
 - (d) All O
9. Modes of production was propounded by
- (a) Adam Smith O
 - (b) Karl Marx O
 - (c) David Ricardo O
 - (d) Alfred Marshall O
10. Reverse Repo transaction means
- (a) Sale of securities by the holder to the investor with the agreement to purchase them at a predetermined rate and date O
 - (b) Sale or purchase of securities by the holder to the investor with the commitment to sell or purchase 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
11. The supply function of a product x is as $S_x = 5p_x + 3$. Where p_x stand for price. The quantity supplied corresponding to price of ₹ 2 will be
- (a) 18 O
 - (b) 13 O
 - (c) 15 O
 - (d) 23 O



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12. Which of the following is not a dimension of VUCAFU?
- (a) Versatility
 - (b) Ambiguity
 - (c) Uncertainty
 - (d) Complexity
13. Profit is the difference between.....
- (a) Total cost and total revenue
 - (b) Total revenue and total cost
 - (c) both A & B
 - (d) None
14. RBI was nationalized in
- (a) June 1947
 - (b) Jan. 1949
 - (c) March 1954
 - (d) April 1936
15. 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
 - (b) 0.8
 - (c) 0.25
 - (d) 2.10
16. FERA has been replaced by
- (a) FINA
 - (b) FEMA
 - (c) FENA
 - (d) MRTP
17. 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
 - (b) percentage change in quantity demanded is less than the percentage change in price
 - (c) percentage change in quantity demanded is equal to the percentage change in price
 - (d) none



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18. RBI check inflation by
- (a) Increasing bank rate
 - (b) Increasing CRR
 - (c) Both
 - (d) None
19. A U-shaped long-run average cost curve represents?
- (a) economies and diseconomies of scale
 - (b) average fixed costs and average variable costs
 - (c) increasing and decreasing marginal product
 - (d) fixed costs and variable costs
20. Commercial papers, as money market instruments, are issued by
- (a) RBI
 - (b) SBI
 - (c) Highly rated corporate bodies
 - (d) None of the above
21. In the long run price is governed by
- (a) Cost of Production
 - (b) Demand supply forces
 - (c) Marginal utility
 - (d) None
22. Assuming two markets where the price discriminating monopolist sells his product, the equilibrium condition in such a situation will be
- (a) $MR_1 = MR_2 > MC$
 - (b) $MR_1 < MC > MR_2$
 - (c) $MR_1 = MR_2 = MC$
 - (d) $MC = MR_1 > MR_2$
23. Which of these will have highly inelastic supply?
- (a) Perishable goods
 - (b) Consumer durables goods
 - (c) Items of elite class consumption
 - (d) All the three



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24. In a competitive market is the price maker
- (a) Firm O
 - (b) Industry O
 - (c) Consumer O
 - (d) Trade Association O
25. 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
26. The term 'S' in PESTEL stands for-
- (a) Strength O
 - (b) Socio-economic O
 - (c) Sustainability O
 - (d) None O
27. Perfect competition and monopolistic competition are having a common assumption. Find out which one of the following is the appropriate common assumption
- (a) The product is homogeneous O
 - (b) Perfect knowledge O
 - (c) Existence of selling cost O
 - (d) Free entry and free exit O
28. Repo transaction means
- (a) Sale of securities by the holder 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



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29. 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
30. Given a reserve ratio of 20% in initial deposit of ₹ 1000 in a banking system would create secondary deposit of `.....
- (a) ₹ 3,000 O
 - (b) ₹ 5,000 O
 - (c) ₹ 4,000 O
 - (d) ₹ 6,000 O
31. 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
32. The internal business environment includes factors such as
- (a) business philosophy & business priorities O
 - (b) management structure O
 - (c) capital structure O
 - (d) All O
33. Who was the father of Economics
- (a) Marshall O
 - (b) Adam smith O
 - (c) Robbins O
 - (d) Keynes O
34. In the long run a firm in perfect competition earns
- (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



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35. EXIM Bank is authorized to raise loan from
- (a) Staffing O
 - (b) Selection O
 - (c) Recruitment O
 - (d) Training O
36. Who conducted an extensive survey of management style and patterns in large number of organizations?
- (a) Rensis Likert and his associates O
 - (b) George Terry O
 - (c) Prof. Bernard O
 - (d) F.W. Taylor O
37. What strategic factors should a manager has to consider while evaluating the alternatives?
- (a) Tangible O
 - (b) Intangible O
 - (c) Both (a) and (b) O
 - (d) Either (a) or (b) O
38. PERT represents which of the following term?
- (a) Project Execution Review Technique O
 - (b) Planning Execution Response Technique O
 - (c) Program Enhancement Report Technique O
 - (d) Program Evaluation Review Technique O
39. The first step in the decision making process is -
- (a) The analysis of the problem O
 - (b) Selecting the alternative course of action O
 - (c) The evaluation of each alternative O
 - (d) The identification of the problem O
40. The _____ relate to policy matters and so require a thorough fact finding and analysis of the possible alternatives.
- (a) Strategic decisions O
 - (b) Basic decisions O
 - (c) Tactical or Routine decisions O



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- (d) (A) or (B) O
41. The technique for observing the behaviour of a system under several alternative conditions in an artificial setting is known as
- (a) Game theory O
 - (b) Simulation O
 - (c) Probability Decision Theory O
 - (d) None of the above O
42. Which of the following is not a function of managers?
- (a) Designing O
 - (b) Organizing O
 - (c) Leading O
 - (d) Planning O
43. A systematic evaluation of the functioning, performance and effectiveness of management of organization is known as:
- (a) Management Information System O
 - (b) Management Audit O
 - (c) Internal Audit O
 - (d) None of the above O
44. The technique that involves use of the brain to find different ideas which can solve a critical problem is
- (a) Participative technique O
 - (b) Heuristic technique O
 - (c) Creative technique O
 - (d) All of the above O
45. A _____ organizational structure is the simplest form and has clear lines of authority and ease of decision making
- (a) Horizontal O
 - (b) Line O
 - (c) Vertical O
 - (d) Staff O



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46. Decisions into programmed decisions and non-programmed decisions is adopted by
- (a) Peter Drucker
 - (b) Herbert Simon
 - (c) M. Lopez
 - (d) John Mc Donald
47. Which of the following is not an external source of recruitment?
- (a) advertisement
 - (b) casual callers
 - (c) promotions
 - (d) recommendations of employees
48. _____ means dispersal of authority throughout the organization.
- (a) Centralisation
 - (b) Delegation of Authority
 - (c) Decentralisation
 - (d) None of the above
49. _____ developed a continuum of four system of management.
- (a) George Terry
 - (b) Prof. Bernard
 - (c) F.W. Taylor
 - (d) Rensis Likert
50. _____ Leadership Style may be appropriate when subordinates are uneducated, unskilled and submissive.
- (a) Participative Leadership
 - (b) Autocratic Leadership
 - (c) Free-rein Leadership
 - (d) None of the above