



**FOUNDATION EXAMINATION
MODEL QUESTION PAPER
PAPER – 1**

**SET - 1
TERM – DEC 2023
SYLLABUS - 2016**

FUNDAMENTALS OF ECONOMICS AND MANAGEMENT

Time Allowed: 1 Hour

Full Marks: 100

Answer all questions. Each question carries 2 marks.

1.	Demand curve will be inelastic if :	
(a)	Total expenditure rises with the fall in the price level	O
(b)	Total expenditure rises with the rise in the price level	O
(c)	Total expenditure remains the same with the change in price	O
(d)	None of the above	O
2.	External diseconomies of scale implies :	
(a)	LAC will be upward rising	O
(b)	LAC will be shifting upward	O
(c)	LAC will be shifting downward	O
(d)	None of the above	O
3.	If the proportionate change in supply is less than the proportionate change in the price, the supply is said to be :	
(a)	Unitary elastic	O
(b)	Inelastic	O
(c)	Elastic	O
(d)	Perfectly elastic	O
4.	In the case of a straight line demand curve meeting the two axes, the price elasticity of demand at the mid-point of the line would be :	
(a)	0	O
(b)	1	O
(c)	1.5	O
(d)	2	O
5.	In case of internal economies of production, long run average cost curve will be :	
(a)	Upward rising	O
(b)	Downward sloping	O
(c)	Constant	O
(d)	Both 1 and 2	O



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6.	_____ demand is also known as Direct Demand.		
(a)	Derived		O
(b)	Autonomous		O
(c)	Individual		O
(d)	Consumption		O
7.	The supply curve always slopes _____.		
(a)	Upwards		O
(b)	Downwards		O
(c)	Both (1) and (2)		O
(d)	Neither (1) nor (2)		O
8.	When the price of a complementary product falls, the demand for the other product will _____.		
(a)	Fall		O
(b)	Increase		O
(c)	Remain stable		O
(d)	Drop by 25 per cent		O
9.	The 'Welfare definition' of Economics was introduced by _____.		
(a)	Adam Smith		O
(b)	Alfred Marshall		O
(c)	Lionel Robbins		O
(d)	J. R. Hicks		O
10.	Production creates _____ utility.		
(a)	Place		O
(b)	Time		O
(c)	Form		O
(d)	Possession		O
11.	The long run equilibrium condition of the firm under perfect competition is :		
(a)	$AR = MR = LAC = LMC = P$		O
(b)	$AR = MR < LAC = LMC = P$		O
(c)	$AR = MR > LAC = LMC > P$		O



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	(d)	$AR < LAC = MR > LMC = P$	O
12.	Which one of the following conditions does not fit in the perfectly competitive market?		
	(a)	Many sellers and many buyers	O
	(b)	Heterogeneous commodities	O
	(c)	Perfect knowledge	O
	(d)	Free entry and free exit	O
13.	The MR curve of a competitive firm is :		
	(a)	Vertical	O
	(b)	Upward rising	O
	(c)	U-shaped	O
	(d)	Identical to AR curve	O
14.	If $P < SAC$ at the profit maximising level of output of a competitive firm, then the firm :		
	(a)	Earns super normal profit	O
	(b)	Earns only normal profit	O
	(c)	Incurs loss	O
	(d)	None of the above	O
15.	A monopolist will suffer loss in the short run and will decide to stop production if :		
	(a)	$AR < AVC$	O
	(b)	$AR = AVC$	O
	(c)	$AC > AR > AVC$	O
	(d)	$AR = AC$	O
16.	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



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17.	Which one of the following oligopolistic model insists on co-operation?	
(a)	Cournot's model	O
(b)	Bertrand model	O
(c)	Collusive oligopoly model	O
(d)	Edgeworth model	O
18.	Assuming two markets where the price discriminating monopolist sells his product, the equilibrium condition in such a situation will be :	
(a)	$MR_1 = MR_2 > MC$	O
(b)	$MR_1 < MC > MR_2$	O
(c)	$MR_1 = MR_2 = MC$	O
(d)	$MC = MR_1 > MR_2$	O
19.	Which of the following is the common property of perfect competition and monopolistic competition?	
(a)	Many sellers and many buyers	O
(b)	Homogeneous product	O
(c)	Free entry and free exit	O
(d)	None of the above	O
20.	Commercial papers, as money market instruments, are issued by :	
(a)	RBI	O
(b)	SBI	O
(c)	Highly rated corporate bodies	O
(d)	None of the above	O
21.	Non-resident Indian can also subscribe to Certificate of Deposit but only on a :	
(a)	Non-repatriation basis	O
(b)	Non-profit basis	O
(c)	Non-negotiable basis	O
(d)	None of the above	O
22.	Treasury bills are :	
(a)	Long term promissory notes	O
(b)	Medium term promissory notes	O



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	(c)	Short term promissory notes	O
	(d)	None of the above	O
23.		In the Inter-bank Term Money Market, the participants are :	
	(a)	Commercial banks	O
	(b)	Co-operative banks	O
	(c)	Both	O
	(d)	Indigenous banks	O
24.		_____ 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
25.		T-group training is also known as :	
	(a)	Classroom Training	O
	(b)	Apprenticeship Training	O
	(c)	Internship Training	O
	(d)	Sensitivity Training	O
26.		The process of increasing the knowledge and skills of an employee for doing a particular job is known as :	
	(a)	Training	O
	(b)	Development	O
	(c)	Education	O
	(d)	None of the above	O
27.		_____ is vital for determining personnel needs of the organization in future.	
	(a)	Manpower Planning.	O
	(b)	Recruitment	O
	(c)	Staffing	O
	(d)	None of the above	O
28.		Which one is not the step in the staffing process?	



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	(a)	Selection	O
	(b)	Man power planning	O
	(c)	Training and development	O
	(d)	Education	O
29.	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
30.	_____ are related to the problem identification and prescribing an appropriate solution.		
	(a)	Decision making skills	O
	(b)	Interpersonal skills	O
	(c)	Operative skills	O
	(d)	All of the above	O
31.	_____ skills are required for the successful completion of a given task.		
	(a)	Decision making skills	O
	(b)	Interpersonal skills	O
	(c)	Operative skills	O
	(d)	All of the above	O
32.	On-the-Job training is normally given by the-		
	(a)	Superior (or) supervisor	O
	(b)	Management	O
	(c)	Organisation	O
	(d)	None of the above	O
33.	When an individual learns several different jobs within a work unit or department is known as :		
	(a)	Coaching	O
	(b)	Apprenticeship training	O
	(c)	Vestibule training	O



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	(d)	Job rotation	O
34.	Job rotation is recommended for managers in almost all organizations :		
	(a)	Lower Level	O
	(b)	Middle Level	O
	(c)	Top Level	O
	(d)	At all levels	O
35.	The task of ensuring that activities are producing the preset targets or goals is known as :		
	(a)	Directing	O
	(b)	Control	O
	(c)	Co-ordination	O
	(d)	None	O
36.	In making a decision, 'game theory' is useful under conditions of :		
	(a)	Certainty	O
	(b)	Various probabilities.	O
	(c)	Competitive rivalry	O
	(d)	Irregular demand.	O
37.	Referent power is the :		
	(a)	Power of ability to grant or withhold the rewards to others.	O
	(b)	Power of ability to punish others for not carrying out orders.	O
	(c)	Power of dominance over others through specialized knowledge.	O
	(d)	Power of attracting people towards a person himself or herself.	O
38.	Which one of the following techniques does not imply 'On-the-job training' method?		
	(a)	Apprenticeship training	O
	(b)	T-Group training	O
	(c)	Vestibule training	O
	(d)	Self-improvement programmes.	O
39.	Which leadership style permits quick decision making?		
	(a)	Democratic Style	O



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	(b)	Laissez Fair Leadership	O
	(c)	Authoritarian Leadership	O
	(d)	None of the above	O
40.	According to 'Control by Exception', managers at each level should pay attention to only :		
	(a)	Exceptional deviations	O
	(b)	Significant deviations	O
	(c)	Exceptional and significant deviations	O
	(d)	None of the above	O
41.	In the case of selecting candidates in an organization, the first step is :		
	(a)	Preliminary Interview.	O
	(b)	Back ground Investigation	O
	(c)	Blank Application.	O
	(d)	Medical Examination	O
42.	All the following principles are included in 'Directing' except :		
	(a)	Harmony of Objectives	O
	(b)	Unity of Command	O
	(c)	Coordination	O
	(d)	Follow up	O
43.	Current control may also be regarded as :		
	(a)	Steering control	O
	(b)	Internal control	O
	(c)	External control	O
	(d)	none of the above	O
44.	Which communication usually passes through written orders, reports and manuals?		
	(a)	Downward communication	O
	(b)	Upward communication	O
	(c)	Lateral communication	O
	(d)	All of the above	O



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45.	The message to be transmitted through verbal medium may be-		
	(a)	Orders	O
	(b)	Instructions	O
	(c)	Reports	O
	(d)	All of the above	O
46.	Which of the following are barriers to communication?		
	(a)	Information overload	O
	(b)	Non-verbal cues	O
	(c)	Time pressures	O
	(d)	All of the above	O
47.	Social cost or external cost is not the cost burden carried by individuals who are not directly involved in the production or consumption of that particular good.		
	(a)	TRUE	O
	(b)	FALSE	O
48.	Average cost is the sum total of Average variable cost and average fixed cost.		
	(a)	TRUE	O
	(b)	FALSE	O
49.	F.W. Taylor has been accepted as the Father of Scientific Management.		
	(a)	TRUE	O
	(b)	FALSE	O
50.	Standing Plans are used once and then these are discarded.		
	(a)	TRUE	O
	(b)	FALSE	O