



CMA FOUNDATION DEC-2025 EXAMINATION

PAPER-04 Fundamental of Economics & Management [SET-2]

TIME: 1 HOURS

MARKS:100

1. _____ goods are known as scarce goods.
 - a) **Economic**
 - b) Durable
 - c) Free
 - d) Consumer[Dec. 2018]

2. _____ is an act to use the goods or service to satisfy the wants.
 - a) Production
 - b) **Consumption**
 - c) None of the above
 - d) Savings
 - e) Distribution[Dec. 2017]

3. A typical demand curve will normally have a:
 - a) Positive slope
 - b) Horizontal slope
 - c) Vertical slope
 - d) **Negative slope**

4. Equilibrium relates to which of these:
 - a) Market condition which oscillate
 - b) Market state of falling price
 - c) Market condition of rising price
 - d) **Market conditions which once achieved tends to persist** [March 2015]

5. The factors which cause economies and diseconomies of scale help explain:
 - a) **Why the firm's long-run average total cost curve is U shaped**
 - b) The profit maximizing level of production
 - c) The distinction between fixed and variable costs
 - d) Why the firm's short-run marginal cost curve cuts the short-run average variable cost curve at its minimum point. [Mar. 2016]

6. Production creates utility.
 - a. Place



- b. Time
c. **Form**
d. Possession [Dec. 2016, [June 2017, June 2018]
7. Which of the following statement is true about average cost function?
a) $ATC AFC - AVC$
b) $AVC AFC + ATC$
c) $AFC ATC + AVC$
d) **$ATC AFC + AVC$** [Mar. 2015, June 2015, Sep. 2015, June 2016]
8. Oligopoly market is known for
a) Price flexibility
b) **Price rigidity**
c) Price discrimination
d) All the three [Dec. 2015]
9. _____ refers to a market in which there are a few sellers.
a) Perfect market
b) Monopoly market
c) Imperfect market
d) **Oligopoly market** [Dec. 2016]
10. _____ means absence of competition.
a) **Monopoly**
b) Perfect
c) Imperfect
d) Oligopoly [June 2017, Dec. 2018]
11. The concept of Monopolistic Competition was introduced by Adam Smith.
a) True
b) **False** [Dec. 2017]
12. Pricing for selling the same commodity at different selling prices is known as _____.
a) Skimming Pricing
b) **Differential Pricing**
c) Penetration Pricing
d) Cost plus Pricing [June 2018]



13. A marketing is defined as perfectly contestable if:
- Entry to it costly, but exit from it is costless
 - Entry to it & exit from it are both costly
 - Entry to it & exit from it are both costless
 - Entry to it costless, but exit it is costly**
14. A unit tax is a tax that the government imposes per unit sale of output for manufacturing firm operating under perfect competition, what is the likely impact of a unit tax on its supply?
- At any given market price, the firm will supply the same number of units of output**
 - Impact cannot be determined
 - At any given market price, the firm will supply fewer units of output
 - At any given market price, the firm will supply greater units of output
15. _____ is an online procurement platform for government ministries and departments, and the most widely used channel for public procurement in India.
- Government e-manufacturing plan
 - Government e-model place
 - Government market place**
 - Government e-manufacturing place
16. In the long run, a firm in a perfectly competitive industry earns:
- Nil profit
 - Normal profit**
 - Super normal profit
 - Between 9% and 12% annual profit on capital employed
17. Three degrees of price discrimination was described by ____ .
- Robinson
 - Pigou**
 - Adam smith
 - Sticker
18. Which of the following is not essential for the classical model to be valid?

[June 2024]



- a) Wage-price flexibility
- b) Interest rate flexibility
- c) Long-run full employment
- d) **Fixed money supply**[March 2016]

19. Quantity Theory of money was reformulated by:

- a) **Keynes**
- b) Adam Smith
- c) Alfred Marshall
- d) Simon[Dec. 2016]

20. Which of the following is/are unsecured promissory notes?

- a) Certificate of Deposits
- b) **Commercial Paper**
- c) Treasury Bills
- d) All of the above [June 2023]

21. Which is the apex bank for agricultural credit in India?

- a) IDBI
- b) SIDBI
- c) **NABARD**
- d) RBI[June 2023]

22. Capital market is controlled by the.

- a) SBI
- b) RBI
- c) Government
- d) **SEBI**[June 2023, June 2024]

23. Supply of money refers to the:

- a) Total money held by the RBI
- b) Total money with all the commercial banks and the RBI.
- c) Total money in the government account.
- d) **Total money held by the public**[June 2023]

24. Certificate of deposits is issued by the banks to:

- a) **Companies**
- b) PSUs
- c) Individuals



d) All of the above [June 2023]

25. Commercial banks provide commercial loans against.

- a) Government securities
- b) Bonds
- c) **Both (a) and (b)**
- d) None of the above

[June 2023]

26. Deflation is a state when:

- a) **Prices are falling**
- b) Consistent increase in prices
- c) Fall in GDP
- d) Collapse of Sensex [Dec. 2014]

27. Macro environment is concerned with major issues and upcoming changes in the environment.

- a) **True**
- b) False
- c) Partly True
- d) Partly False

28. _____ is not part of External Environment analysis.

- a) **Analysing financial ratio**
- b) Studying the political environment
- c) Analysis available technologies
- d) Analysis social, cultural, demo- graphic and geographic forces [June 2016]

29. Which of the following is the only true statement about Business Environment?

- a) **Business environment is dynamic and is constantly changing**
- b) The economic theory of supply and demand fully explains the business environment
- c) Business Environment can be fully controlled by an individual firm
- d) It is very easy to predict future happening in the business environment.

[Aug. 2020]

30. Who has defined Environment as "It consists of atoms and molecules, agglomeration of things in motion, alive, of men and emotions, -----"

- a) **Chester I. Barnard**
- b) Keith Davis
- c) Andrews



- d) None of these
31. Customers are increasingly using e-wallets, point of sale devices, and other digital payment methods to make cashless purchases at retail establishments in India. This growing trend is an impact of the:
- a) Political environment
 - b) Legal environment
 - c) Technological environment**
 - d) Economic environment
32. "Business environment is the aggregate of all conditions, events and influence that surrounds and affect it". Who gave this definition of business environment?
- a) Henry Fayol
 - b) Keith Davis**
 - c) Harold Koontz
 - d) Fedrick W Taylor
33. A reduction in interest rates on home loans by banks in India is an example of the following dimension of business environment-
- a) Legal Environment
 - b) Economic Environment**
 - c) Political Environment
 - d) Social Environment
34. A stable Government of a country and its continued push to transparent, predictable and stable policies on trade and investments built up trust and confidence among business firms in taking up capital expenditure. This is an example of the following dimension of business environment?
- a) Legal Environment
 - b) Economic Environment
 - c) Political Environment**
 - d) Social Environment
35. _____ is not a dimension of the VUCAFU world.
- a) Volatility
 - b) Uncertainty



- c) Complexity
- d) **Unpreparedness**

[June 2023]

36. _____ is not a dimension of the VUFACU world.

- a) Volatility
- b) Uncertainty
- c) **Conformity**
- d) Ambiguity

[Dec. 2023]

37. According to Fayol's 14 Principles of Management, Division of work is necessary:

- a) **To enjoy the benefits of specialization**
- b) To give orders to subordinates
- c) To receive orders from superior
- d) To ask for obedience[June 2017]

38. _____ has been accepted as the Father of Scientific Management.

- a) Frederick Herzberg
- b) **F.W. Taylor**
- c) Elton Mayo
- d) Peter F. Drucker[June 2017, Dec. 2018]

39. Leader's stewardship choice can facilitate reciprocal stewardship behaviour from the employee.who made this observation?

- a) Jensen &Meckling
- b) Koontz
- c) **Pearson &Marler**
- d) Clough

[Dec. 2023]

40. Which of the following is not an element of the management process?

- a) **Pricing**
- b) Staffing
- c) Planning
- d) Leading[Dec. 2014, June 2016]

41. Which one of the following is not the characteristic of Planning?



- a) Planning is flexible.
- b) Planning is pervasive.
- c) Planning is goal-oriented.
- d) **Planning is a discreet function.**[June 2017, June 2019]

42. In the case of selecting candidates in an organization, the first step is ____ .

- a) Preliminary Interview
- b) Background Investigation
- c) **Blank Application**
- d) Medical Examination[June 2017, Dec. 2019]

43. Man-power planning is related to Human Resource Management.

- a) **True**
- b) False

[Dec. 2017]

44. A company is manufacturing paper plates and bowls. It produces 100000 plates and bowls each day. Due to local festival, it got an urgent order of extra 50,000 plates bowls. Advise the company about method of recruitment:

- a. Casual callers
- b. **Direct recruitment**
- c. Campus recruitment
- d. Labour contractors

45. ____ is not a separate function of management.

- a) Planning
- b) **Coordinating**
- c) Budget
- d) All of the above

[Dec. 2016]

46. Kiama is one of the most successful managers of her company, Globe Ltd. She k that the principles of management are intended to apply to all types of business as well as non-business, small as well as large, public sector as well as privet sector.

Identify the nature of management being highlighted in the above description

- a. Management is a distinct entity
- b. Management is a social process
- c. **Management is all-pervading**
- d. Management is goal-oriented



47. Coercive Power is the
- a) Power of grant or withhold the rewards to others.
 - b) Power to punish others for not carrying out orders.**
 - c) Power of dominance over other through specialized knowledge.
 - d) Power of attracting peoples towards a person himself or herself.[June 2017]
48. Which of the following is not a demerit of divisional structure? (1)
- a. It is an expensive structure to maintain, since there may be duplication of activities across products
 - b. All function related to a particular product are integrated in one department**
 - c. Conflict may arise among different divisional heads due to different interests
 - d. Authority provided to the managers to supervise all activities related to a particular division may lead to undesirable consequences
49. Name the process which co-ordinate human efforts, assembles resources and integrates both into a unified whole to be utilized for achieving specified objective
- a. Staffing
 - b. Planning
 - c. Directing
 - d. Organizing**
50. ERZ theory of motivation was proposed by:
- a. Maslow
 - b. F. Herzberg
 - c. Alderfer**
 - d. Mc Gregor