

I Semester M.F.A. Examination, January 2016
(CBCS)
FINANCE AND ACCOUNTING
Paper – 1.3 : Micro and Macro Economics for Business Decisions

Time : 3 Hours

Max. Marks : 70

Instruction : Answer all questions.

SECTION – A

1. Answer any 7 sub-questions out of 10. Each sub-question carries 2 marks. (7×2=14)

What do you mean by :

- Individual demand ?
- Market demand ?
- Sectors of economy ?
- Luxury good ?
- Inferior good ?
- Fixed cost Vs variable cost ?
- Perfect competition ?
- Isoquant ?
- Inflation rate ?
- Unemployment level ?

SECTION – B

Answer any 4 questions out of 6. Each question carries 5 marks. (4×5=20)

- An increase in demand due to a fall in price can be broken into 2 parts :
 - Income effect
 - Substitution effect. Explain.
- What is an isoquant ? Also what is a budget line. Explain by diagrams.
- What is break-even analysis ?



5. How do you measure inflation rate ? Explain by considering a basket of two goods say, food and cloth.
6. What is Gross National Product (GNP) ? Differentiate between GNP at market price and at factor cost.
7. What is perfect competition ? What are characteristics of a product in a perfect competition ? Whether individual supplier has any role in determination of price of his product ? Explain by examples.

SECTION - C

Answer **any 3** questions out of 5. **Each** question carries **12** marks. (3×12=36)

8. What are the various determinants of demand ? Explain role of each determinant by example and diagram. What is law of demand ?
9. What are factors of production ? Explain variation of output as labour increases from 0 to a large no. (Assume that capital is constant). Explain by a diagram and give reasons for variation at each stage. Finally what is the relationship between total output and marginal output ?
10. How price of a product gets determined by market forces ? Explain price determination in case of a monopoly market. Draw appropriate revenue and cost curves.
11. What is Gross National Product (GNP) ? How do you measure it ? What is the problem of double counting and how do you avoid it ? Why the official GNP always under reports the real GNP ? Explain above questions by examples.
12. What are the measures available to the Government to improve production, income and employment of the country ? Explain in context of fiscal policy and monetary policy of the government.



PG – 757

I Semester M.F.A. Degree Examination, January/February 2014
(Semester Scheme)

FINANCE AND ACCOUNTING

Paper – 1.3 : Macro-Economics for Business Decisions

Time : 3 Hours

Max. Marks : 80

SECTION – A

1. Write a **small note (3 to 5 lines)** on **any 10 items** shown below : **(10x2=20)**

- a) Economic Growth
- b) Fiscal policy
- c) Deflation
- d) Real Income
- e) Macro-Economic Equilibrium
- f) Free Market Economy
- g) Price Elasticity
- h) Laissez-faire Capitalism
- i) Factors of Production
- j) Financial Intermediaries
- k) Monopolistic Competition
- l) Economies of scale

SECTION – B

Answer **any three** questions in about a page **each**.

(3x5=15)

2. Define Business Cycle. Explain the stages of a Business cycle.
3. What are the strengths and weaknesses of Market Economy ?
4. Explain 'Gross Domestic Product' and 'Gross National Product'.
5. Define the term money. What is the role of money as a medium of exchange ?
6. Write a note on Paradox of Thrift.

P.T.O.



SECTION - C

Answer any two questions in about 3 pages each. (2x15=30)

- 7. What is Economic Instability ? Discuss the factors that determine the economic growth of a nation.
- 8. Define Monetary Policy. Describe the role of Reserve Bank of India in Indian Economic System.
- 9. Discuss the consequences of unemployment and the measures to eradicate unemployment.
- 10. The size of the multiplier varies directly with the size of the marginal propensity to consume. Discuss.

SECTION - D

Compulsory : (1x15= 15)

- 11. a) Explain the interface of Macro Economics with Business and Industry.
- b) What is inflation ? What fiscal measures have been undertaken to control it recently ? Explain.