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. (7x2=14)
   What do you mean by:
   a) Individual demand?
   b) Market demand?
   c) Sectors of economy?
   d) Luxury good?
   e) Inferior good?
   f) Fixed cost Vs variable cost?
   g) Perfect competition?
   h) Isoquant?
   i) Inflation rate?
   j) Unemployment level?

SECTION – B

Answer any 4 questions out of 6. Each question carries 5 marks. (4x5=20)

2. An increase in demand due to a fall in price can be broken into 2 parts:
   a) Income effect
   b) Substitution effect. Explain.

3. What is an isoquant? Also what is a budget line. Explain by diagrams.

4. 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 x 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.
1. 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)


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.
SECTION – C

Answer any two questions in about 3 pages each.\( (2 \times 15 = 30) \)

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: \( (1 \times 15 = 15) \)

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.