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I Semester M.Com. (FA) Examination, February 2019
(CBCS Scheme)

Finance and Accounting

Paper – 1.3 : MICRO AND MACRO ECONOMICS FOR BUSINESS DECISIONS

Time : 3 Hours

Max. Marks : 70

SECTION – A

1. Answer **any 7** sub-questions. **Each** sub-question carries **2** marks. (7×2=14)
- What are the determinants of demand ?
 - Distinguish between individual and market demand.
 - Define production.
 - What is income effect ?
 - What is 'Giffen Paradox' ?
 - What is the difference between marginal cost and incremental cost ?
 - Classify the market on the basis of competition.
 - What is first degree price discrimination ?
 - Mention the features of Oligopoly market.
 - What is GNP ?
 - State the objectives of Fiscal Policy.
 - What is exchange rate stability ?

SECTION – B

Answer **any four** questions. **Each** question carries **5** marks. (4×5=20)

- Do you think demand and supply always play equally important roles in the determination of price ? Justify your answer.
- Explain the law of demand. Are there any exceptions to the law of demand ?
- What are isoquants ? Why does an isoquant slope downward ?

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5. Explain the relationship between fixed cost, variable cost, total cost and marginal cost.
6. What is meant by economies of scale ? Give example.
7. Explain the various concepts of National Income.

SECTION – C

Answer **any three** questions. **Each** question carries **12** marks.

(3×12=36)

8. Explain price rigidity under oligopoly in terms of kinked demand.
 9. State the law of diminishing returns. Why does diminishing marginal returns to a variable input occur eventually ?
 10. 'Money is quite indispensable for the functioning of market economy'. Discuss.
 11. Discuss the principle of aggregate demand and aggregate supply. What is their role in determining the volume of employment in an economy ?
 12. Discuss the effectiveness of monetary policy in controlling inflation.
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