I Semester M.Com. (FA) Examination, August/September 2021
(CBCS Scheme)
Paper – 1.3 : MICRO AND MACRO ECONOMICS FOR BUSINESS DECISIONS

Time : 3 Hours

Max. Marks : 70

SECTION – A

1. Answer **any seven** questions. **Each** question carries **two** marks. (7×2=14)

   a) Define macro economics.

   b) Distinguish between GDP and GNP.

   c) Mention any two features of Oligopoly.

   d) Distinguish between inflation and deflation.

   e) Give the meaning of Fiat Money.

   f) State the determinants of money supply.

   g) Distinguish between normal and inferior goods.

   h) Define Explicit cost.

   i) What do you mean by diseconomies of scale ?

   j) When does a production function satisfy decreasing returns to scale ?

SECTION – B

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

2. Discuss the conditions of price discrimination under monopoly.

3. Explain the relationship between marginal cost and average variable cost with a diagram.

4. Explain the various phases of law of variable proportions.

5. Explain the shifts in demand with suitable diagrams.

6. Explain the role of Fiscal policy in economic development.

7. Explain the consequences of Economic slowdown in Indian context.

SECTION – C

Answer **any three** questions. **Each** question carries **twelve** marks.   (3×12=36)

8. Distinguish between internal and external economies. Show how expansion of the scale of production secures both types of economies.

9. What do you mean by National Income ? Explain the difficulties in measuring the National Income.

10. What are the factors of production ? Explain variation of output as labour increases from 0 to a large number (Assume Capital is Constant). Explain by a diagram and give reasons for variations in each stage.

11. What do you mean by equilibrium level of National Income ? Show how income is determined in an open economy.

12. A firm gives the following information regarding its cost and output. You are required to calculate AVC, TC, AFC, AC and MC at different levels of output.

Total output in units	0	1	2	3	4	5	6	7	8
TFC	100	100	100	100	100	100	100	100	100
TVC	0	50	90	120	140	175	230	310	400