



I Semester M.Com. (F&A)/M.F.A. Examination, January 2017  
(CBCS)  
Paper – 1.3 : MICRO AND MACRO ECONOMICS FOR BUSINESS  
DECISIONS

Time : 3 Hours

Max. Marks : 70

SECTION – A

Answer **any seven** sub-questions out of 10. **Each** sub-question carries **2** marks.

(7×2=14)

1. a) What is income effect ?
- b) What is Engel's curve ?
- c) Define production function.
- d) Draw the break-even chart.
- e) What is kinked demand curve ?
- f) Define national income.
- g) Define Monetary Policy.
- h) What are the objectives of fiscal policy ?
- i) Distinguish between gross interest and net interest.
- j) What is induced investment ?

SECTION – B

Answer **any four** questions out of 6. **Each** question carries **5** marks.

(4×5=20)

2. Explain the law of demand and its exceptions.
3. Differentiate between income effect and substitution effect.
4. Explain the role of costs in decision making.



5. How are output and pricing decisions taken in a monopoly ?
6. How are consumption, saving and investment related ?
7. What is monetary policy ? What are its objectives ?

SECTION – C

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

8. Discuss the determinants of demand with examples.
  9. What is production function ? How is it helpful in decision making ? Explain the production function in the short-run.
  10. Discuss the role of monetary policy in a developing economy like India.
  11. Discuss the current fiscal policy and its impact on investment and employment generation.
  12. “Monopolistic competition exhibits the characteristics of both monopoly and perfect competition”. Discuss.
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