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PJ-519

I Semester M.Com. (F.A.) Examination, February - 2020
(CBCS Scheme)

COMMERCE

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. **7x2=14**

   (a) Distinguish between increase and extension of demand.

   (b) What is opportunity cost ?

   (c) Define Quasi rent.

   (d) Give the meaning of fiscal administration.

   (e) State the differences between Fiscal and Monetary policy.

   (f) How does bank rate influence credit ?

   (g) What is a production function ?

   (h) Give the meaning of Implicit cost.

   (i) When does a production function satisfy constant returns to scale ?

   (j) What is equilibrium price of a commodity ?

SECTION - B

Answer **any four** questions. Each question carries **five** marks. **4x5=20**

2. Explain the principles of effective demand.

3. Distinguish between quantitative and qualitative methods of credit control.

4. Explain the meaning of excess demand and its effect on the price of a commodity.

5. What are the objectives of Fiscal Policy ?

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

7. Briefly explain the measures to control inflation.

P.T.O.

SECTION - C

Answer **any three** questions. Each question carries **twelve** marks. **3x12=36**

8. Explain how the law of variable proportions helps a producer to work out the most ideal factor combinations to maximise output and minimize costs ?

9. Do changes in interest rates primarily affect the supply of money or the demand for money ? Explain.

10. "Companies are now trying to Optimize profits rather than Maximizing Profits"- Comment.

11. Explain measures available to Government to improve production, income and employment of the country in the context of fiscal and monetary policy.

12. A small firm with a fixed plant has daily fixed cost of ₹ 20.00. The total variable cost for the successive quantities of output per day are as follows :

Total output in units	1	2	3	4	5	6	7
TVC (in ₹)	30	56	75	80	105	132	182

Find the TC, AFC, AVC, AC and MC of the firm for each level of output.

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