

11203

**First Semester M.Com. Degree Examination,
August/September 2021**

(CBCS – Semester Scheme)

Commerce

Paper 1.3 – MACRO ECONOMICS FOR BUSINESS DECISIONS

Time : 3 Hours]

[Max. Marks : 70

SECTION – A

1. Answer any **SEVEN** sub-questions. Each question carries **2** marks : **(7 × 2 = 14)**
- (a) State the objectives of Macro Economics.
 - (b) What is GNP?
 - (c) What is a mixed economy?
 - (d) What do you mean by Capital formation?
 - (e) What is trading down?
 - (f) Define Multiplier. Give an example.
 - (g) Differentiate between Monetary policy and Fiscal Policy.
 - (h) What do you mean by Marginal propensity to save?
 - (i) Define Inflation.
 - (j) Define Paradox of thrift.

SECTION – B

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

- 2. Explain the linkage between Macro Economics, business planning and decision making.
- 3. What is Fiscal Policy? Explain its objectives.
- 4. Explain Consumption function. What is its impact on savings and investment?

5. What are the factors determining the economic growth? Explain.
6. Explain briefly any five important concepts of National Income.
7. Explain the Keynesian theory of Income and Employment.

SECTION - C

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

8. What factors have attributed to Economic problems? Explain the techniques used by RBI to overcome this problem.
9. Enumerate the difficulties which are underdeveloped economy faces in calculation of national income.
10. What are the various Economic systems? Explain the essential features of each one of them. Which economic system do you prefer and why?
11. "Free market economy enables better allocation of resources, promote innovation, economic activities in the country." Substantiate this statement and highlight the significance of free market economy.
12. Discuss the concepts of MPC and MPS with the help of a numerical example and the graph.