1 Semester M.Com. Examination, January/February 2019  
(CBCS)  
COMMERCE  
Paper – 1.3 : Macro Economics for Business Decisions  

Time : 3 Hours  

Max. Marks : 70  

**Instruction**: Attempt all Sections.  

**SECTION – A**  

1. Answer any seven sub-questions. Each sub-question carries 2 marks : (7×2=14)  

   a) Give the meaning of macro economics.  
   b) What do you mean by National Income ?  
   c) Mention four functions of money.  
   d) What is consumption ?  
   e) What is a fiscal policy ?  
   f) What is marginal efficiency of capital ?  
   g) What is autonomous investment ?  
   h) State two objectives of macro economics.  
   i) Differentiate inflation and deflation.  
   j) Give the meaning of public debt.  

**SECTION – B**  

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

2. Explain the significance of credit in economy.  

3. Give the importance of macro economics.
4. What are the objectives of fiscal policy?
5. Write a note on "Paradox of thrift".
6. Explain any five important concepts of National Income.
7. What are the measures used to control business cycles?

SECTION - C

Answer any 3 questions. Each question carries 12 marks: (3 x 12 = 36)

8. What are the attributes used to measure National Income? Explain the difficulties to measure National Income.
9. What is a multiplier? Explain the significance and limitations of multiplier.
10. Define money. Explain the static and dynamic role of money in an economy.
12. Explain the various tools of fiscal policy. Discuss the co-ordination of monetary and fiscal policy.
1. Answer any seven of the following in 3-4 lines each. Each question carries 2 marks. (7×2=14)
   a) What is free market economy?
   b) What is disposal income?
   c) What is GDP?
   d) What is consumption function?
   e) What is autonomous investment?
   f) Define monetary system.
   g) What is Malthusian trap?
   h) What do you mean by steady growth rate?
   i) What is capital output ratio?
   j) What is the effect of interest rate on business?

2. Explain the tools of monetary policy.
3. Explain the Keynesian theory of income and employment.
4. Bringout the factors determining economic growth.
5. Explain the functions of financial intermediaries.
6. Explain the investment multiplier with an illustration.
7. What is paradox of thrift?
SECTION - C

Answer any three questions. Each question carries 12 marks. (3 x 12 = 36)

8. Explain the meaning of macro economics and its interface with business.


10. Explain different phases of business cycle and their impact on business decisions.

11. Explain Harrod-Domar model of economic growth.

12. Critically evaluate the impact of demonetization policy of 2016 on Indian Economy.
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COMMERCE
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SECTION – A

1. Answer any seven of the following sub-questions in about 3-4 lines. Each sub-question carries two marks. (7×2=14)
   a) What is meant by Gross Domestic Product?
   b) State the objectives of macro economics.
   c) What does the paradox of thrift state?
   d) What do mean by Laissez-faire economics?
   e) Differentiate between Inflation and Deflation.
   f) What is Repo and Reverse Repo Rate?
   g) What is Risk adverse consumption?
   h) State the drivers of Economic Growth.
   i) What is Marginal Efficiency of Capital?
   j) Distinguish between Monetary policy and Fiscal policy.

SECTION – B

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

2. What is Monetary Policy? Explain its objectives.

3. Distinguish between GNP and NNP.

4. Explain the significance of economic policies.

5. Explain in brief the recent economic development in India.

6. Explain the various phases of Business cycle.

7. Elucidate the linkages among consumption, saving and investment.
SECTION – C

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

8. Discuss the different stages of inflation. Give a detailed description about the various measures adopted by RBI to control inflation.


10. Explain the various problems in the Measurement of National Income.

11. "Free market economy enables better allocation of resources; promote innovation, economic activities in the Country". Substantiate this statement and highlights the significance of free market economy.

12. Explain in brief the Recent Control measures imposed by RBI to regulate the Monetary System in India.
1. Answer any seven of the following in 3-4 lines each. Each question carries
   2 marks : \((7 \times 2 = 14)\)
   a) What is economic system ?
   b) What is circular flow of payments ?
   c) What is meant by NNP ?
   d) What is a saving function ?
   e) What is Absolute income hypothesis of Keynes ?
   f) What is autonomous investment ?
   g) What is aggregate demand ?
   h) What is conspicuous consumption ?
   i) What is disposable income ?
   j) Comment on the contributions of Adam Smith.

SECTION – B

Answer any four questions. Each question carries 5 marks. \((4 \times 5 = 20)\)

2. Explain the interface of macro economics with business and industry.

3. Define National income. Explain the variables included in National Income.
4. Explain the main functions of RBI.

5. What are the components of public debt?

6. What is investment multiplier? How it is applied in business?

7. Bring out the Quantity theory of money as envisaged by Milton Friedman.

SECTION – C

Answer any three questions. Each question carries 12 marks. \( (3 \times 12 = 36) \)

8. Explain the meaning and scope of macroeconomics.

9. Discuss the concepts of MPC and MPS with the help of a numerical example and the graph.

10. Explain various functions of money.

11. What are fiscal variables? Add a note on impact of fiscal policy on business.

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SECTION – A

1. Answer any seven of the following in 3 – 4 lines each. Each question carries 2 marks.
   
   a) What is meant by Gross National Product ?
   
   b) State any four goals of economic system.
   
   c) What is meant by Per Capita income ?
   
   d) What is Statutory Liquidity ratio ?
   
   e) What do you mean by disguised unemployment ?
   
   f) What is Recession ?
   
   g) What is Risk averse consumption ?
   
   h) What is incremental capital output ratio ?
   
   i) What is repo and reverse repo rate ?
   
   j) What is Marginal Efficiency of Capital ?

SECTION – B

Answer any four questions. Each question carries 5 marks.

2. Discuss various factors affecting National Income.

3. Explain the Keynesian Consumption Function.

4. Enumerate the various tools of monetary policy.

5. Discuss the significance of economic policies.

6. Explain various resources of economic systems.

7. Explain in details the economic development in India.

P.T.O.
SECTION – C

Answer any three questions. Each question carries 12 marks. (3x12=36)

8. Define multiplier. Bring out the significance and limitations of multiplier.

9. Explain the measures of control imposed by the RBI to regulate the monetary system of India.


11. Explain in detail various problems of Economic Growth and Development of India.

12. "Free market economy enables better allocation of resources, promotes innovation and injects dynamism in the industry". Substantiate this statement highlighting the significance of free market economy.