



I Semester M.Com. Examination, August/September 2021  
(CBCS Scheme)

COMMERCE

Paper – 1.3 : Macro Economics for Business Decisions

Time : 3 Hours

Max. Marks : 70

SECTION – A

1. Answer **any seven** questions from the following. **Each** question carries **two** marks. (7×2=14)
- State the situation where APS is negative.
  - Differentiate between ex ante and ex post investment.
  - State any four causes of wait unemployment.
  - Define Risk averse Consumption.
  - What do you mean by Galloping Inflation ?
  - Define Harrod Domar Growth model.
  - Define Paradox of thrift.
  - What do you mean by selective credit control ?
    - What do you mean by absolute income hypothesis of Keynes ?
    - Give the meaning of non market activities.

SECTION – B

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

- Can economy remain fully employed, explain and what must be the natural rate of unemployment ?
- Briefly explain the distribution of National Income to the factors of production.
- Explain paradox of thrift with suitable examples.
- Explain the Keynesian consumption function.



6. Define Multiplier effect and explain its significance and limitations.
7. Explain the recent measures taken up by Finance Minister Nirmala Sitaram to uplift the economy.

## SECTION – C

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

8. Give the meaning of consumption function and explain the relationship among APC, APS, MPC and MPS in case of a linear consumption function.
9. "The size of multiplier varies directly with the size of the marginal propensity to consume". Explain.
10. "Inflation is an excess of aggregate demand over aggregate supply"  
– Comment.
11. Define private saving. How is the private saving used in the economy ? What is the relationship between private saving and national saving ?
12. Calculate National Income  
Net National disposable income.

| Sl.No. | Contents                                 | Amount (in Crores) |
|--------|--|--------------------|
| 1      | Factors Income from Abroad               | 15                 |
| 2      | Private Final Consumption Expenditure    | 600                |
| 3      | Consumption of Fixed Capital             | 50                 |
| 4      | Government Final Consumption Expenditure | 200                |
| 5      | Net Current Transfer to Abroad           | (-)5               |
| 6      | Net Domestic Fixed Capital Formation     | 110                |
| 7      | Net Factor Income to Abroad              | 10                 |
| 8      | Net Imports                              | (-)20              |
| 9      | Net Indirect Tax                         | 70                 |
| 10     | Change in Stock                          | (-)10              |