Roll No. ....

Subject Code—6887

M. Com. (First Year) EXAMINATION

(Main)

MC-104

ECONOMIC ANALYSIS

Time : 3 *Hours* *Maximum Marks* : 70

Note : Attempt any *Five* questions including Q. No. 1 which is compulsory. All questions carry equal marks.

1. (i) Distinguish between a change in quantity demanded versus a change in demand.

   (ii) Why the demand for inputs is called derived demand ?

   (iii) Explain why the marginal cost curve must intersect the average total cost curve and the average variable cost cuve at their minimum points.

(iv) What are four ways in which a firm can differentiate its product ?

(v) Do the firms in an oligopoly act independently or interdependently ?

(vi) What is the difference between between gross private domestic investment and net private domestic investment ?

(vii) What is revenue deficit ?

(viii) What is transfer pricing ?

(ix) What is credit rationing ?

(x) What is Dulphi method ?

2. Is the economic demand for a product determined solely by its usefulness ? Describe the application of price elasticity, income elasticity, cross-price elasticity and advertising elasticity in demand analysis for managerial decision-making.

3. What is the relation between production functions and cost functions ? Will firms in industries in which high levels of output are necessary for minimum efficient scale tend to have substantial degrees of operating leverage ?

4. What factors are considered in determining the market structure of a particular industry ? What type of demand curve does a perfectly competitive firm face ? Why ?

5. Explain what is meant by the kinked demand curve. How are price and output determined under this approach ? What shortcomings does this approach have in the analysis of oligopoly ?

6. Describe the various methods of measuring national income. What kind of business decisions are influenced by the change in national income ?

7. Describe the instruments of monetary policy. How do they work and what are their limitations ?

8. What are the two sources of inflation ? How would you illustrate them graphically ? If actual inflation exceeds anticipated inflation, who will lose purchasing power and why will gain ?

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