I Semester M.Com. (FA) Degree Examination, June 2023
(CBCS Scheme) (2020 – 21 and Onwards)
COMMERCE (Financial Analysis)
Paper – 1.5 : Indian Economy and Policy

Time : 3 Hours

Max. Marks : 70

SECTION – A

1. Answer **any seven** questions out of ten. **Each** question carries **two** marks. **(7×2=14)**

   a) Define public debt.

   b) What are the hurdles faced by the authorities while computing national income and related aggregates ?

   c) Define NDP and NNP.

   d) What do you mean by Canons of Taxation ?

   e) Write the meaning for primary deficit.

   f) What is the concept of "Opportunity cost principle" ?

   g) Define Target Rate Pricing.

   h) What do you mean by Anti-Dumping ?

   i) Define Hyper Inflation.

   j) What is Budget Multiplier ?

SECTION – B

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

2. Define potential GDP and explain its determinants.

3. Elucidate effect of taxation on Production, Consumption and Distribution side of the economy.

4. Consider the relevance of Price Elasticity of Demand to the firms pricing policy. Discuss.

5. When the price of Commodity – X is Rs. 20 per unit, its quantity demanded is 50 units ; and when the price goes up to Rs. 40 per unit, its quantity demanded falls to 25 units. Find the price elasticity coefficient and give its interpretation.

   A market consists of three people A, B and C, whose individual demand equations are as follows;

   $A : P = 35 - 0.5\ Q_A$

   $B : P = 50 - 0.25\ Q_B$

   $C : P = 40 - 2.00\ Q_C$

   This industry supply equation is given by $Q_S = 40 + 3.5P$.

   a) Determine the Equilibrium price and quantity.

   b) Determine the amount that will be purchased by each individual.

6. Critically examine the indifference approach along with its properties and diagram.

7. Explain the different pricing policies applicable for the product life cycle of a commodity.

SECTION – C

Answer **any two** questions out of four. **Each** question carries **twelve** marks.

(2×12=24)

8. "Managerial economics is the integration of Economic theory with Managerial practice for the purpose of facilitating decision making". Explain.

9. What is public finance policy ? Explain the recent policy changes made by the government in the Public Finance Structure in India.

10. What would the isoquants look like if all inputs were nearly perfect substitutes in a production process ? What if there is near zero substitutability between inputs ?

11. What are the determinants of pricing strategy ? Critically discuss and illustrate the different pricing practices and strategies.

SECTION – D

12. **Compulsory** skill based question on subject. **(1×12=12)**

Jindal Pvt. Ltd. was established in 1995. The company started manufacturing of Water Geyser with a brand name of 'Ganga'. During initial 10 years, the company made good profits. But its profits gradually declined due to competition from national brands. The promoters of the company had a committed team of workers who were constantly working on Research and Development. Finally, they came out in the year 2006, with an innovative product, named 'Maha Ganga' which runs even at very low voltage and consumes less electricity. Thus, the company is monopoly manufacturer of 'Maha Ganga'. The company is currently supplying its products in geographically separated markets of Punjab and Haryana. The company is currently charging the same price in Himachal Pradesh and Uttarakhand. The Chief Economist of the company has informed the top management that price elasticity of demand at currently-charged price is 3 in Himachal Pradesh and 5 in Uttarakhand. The top management is planning to charge two different prices in Punjab and Haryana in order to make more profits.

Questions :

a) Will it be possible for the company to charge two different prices in Himachal Pradesh and Uttarakhand ? If yes, under what conditions ? Explain.

b) Will it be profitable for the company to charge two different prices in Himachal Pradesh and Uttarakhand ? Explain.

c) Given the volume of total production, supply will be transferred from Himachal to Uttarakhand or from Uttarakhand to Himachal. Why ? (Assume that transport cost for supplying the product m both the states is the same for the company).
