2015

DDE

M.Com. Part-II Examination

COMMERCE

PAPER—V

Full Marks : 100

Time : 4 Hours

The figures in the right-hand margin indicate full marks.

Candidates are required to give their answers in their own words as far as practicable.

Illustrate the answers wherever necessary.

Write the answer question of each Half in separate books

First Half

(*Managerial Economics*)

[Marks : 50]

Answer *Q. No. 1* and any *two* from the rest.

1. Answer any *four* questions : 4×5

(a) What do you mean by demand forecasting ? What is the utility for studying it ?

(b) What is an isoquant ? What is its usual shape ? What will be the shape of the isoquant if two inputs are not substitutable ? Give reasons for your answer.

(c) Write a brief note on Cobweb theorem. 5

(d) How can you explain the idea that the monopolist will attain equilibrium only at the elastic zone on the demand curve ? 5

(e) Write the expression of a CES production function. Show that CD production function can be derived as a limiting case of the CES function. 1+4

(f) Determine the short run equilibrium under perfect competition with the help of graphs. 5

(g) Distinguish between pure strategy and mixed strategy of the game. 5

(h) What do you mean by ridgelines and expansion path ? 3+2

2. What are the limitations of the profit maximization hypothesis ? In this context, write a critical note on Barnol's theory of sales maximization. 5+10

3. (a) Define the following concepts : 5

(i) Saddle point ; *and*

(ii) Two-person zone-sum Game.

(b) State the rules of dominance. Find the solution of the following game problem : 10

Player B

Player A	B_1	B_2	B_3	B_4	B_5
A_1	2	4	3	8	5
A_2	4	5	2	6	7
A_3	7	6	8	7	6
A_4	3	1	7	4	2

4. Distinguish between short run cost function and long run cost function. Which of these concepts is related to the concept of returns to scale ? Show that long run average cost curve is the envelope of short run average cost curves but the long run marginal cost curve is not envelope of the short run marginal cost curves. 3+2+10

5. Suppose the inter-industry flow of the products of two industries are given as under :

Production Yield	*Consumption Sector*		*Final demand*	*Total output*
	X	Y		
X	30	40	50	120
Y	20	10	30	60

(a) Determine the technology matrix and test Hawkins-Simon condition for the viability of the system.

(b) If the final demand changes to 80 and 40 units respectively, what should be the gross output of each sector in order to meet new demand ?

5+10

Second Half

(*Elements of Macro-economics*)

[Marks : 50]

Answer *Q. No. 6* and any *two* from the rest.

6. Answer any *four* questions : 4×5

(a) Derive the simple Keynesian multiplier and find out the relationship with marginal propensity of consumption.

(b) Briefly explain the ratchet effect of consumption.

(c) Explain why the labour supply function is backward bending.

(d) Distinguish between Current Account and Capital Account of BOP.

(e) Distinguish between GNP at current prices and GNP at constant prices. Which one of these two will you prefer and why ?

(f) Do you think that an increase in GNP of a country will necessarily mean an increase in welfare of the people of the country ? Advance arguments in favour of your answer.

(g) 'Savings equal to investment.' — How can you arrive at this statement ?

(h) Explain the basic characteristics of the New Classical Macroeconomics.

7. Explain the different approaches to the measurement of National Income. 15

8. Analyse the Permanent Income Hypothesis of Milton Friedman. 15

9. (a) What is inflationary gap ? Explain your answer clearly with the help of a diagram.

(b) Explain how inflation affects different sectors of people of a society. 7+8

10. (a) Analyse the procedure for deriving the 'IS' and the 'LM' curves.

(b) Explain, graphically, how equilibrium in both the product market and the money market can simultaneously be determined with the help of the IS and the LM curves. 6+9

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