

2018

M.A. / M.Sc.

2nd Semester Examination

ECONOMICS

PAPER—ECO-204

Subject Code—04

Full Marks : 40

Time : 2 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.

CBCS

Group—A

1. Answer any *two* questions of the following : 2×2
- (a) By what single feature can you define a perfectly competitive market ?

(Turn Over)

- (b) What do you mean by perfect mobility of factors of production ?
- (c) Distinguish between positive economics and normative economics.
- (d) Briefly explain the shape of the production function in the short-run.

2. Answer any *one* question : 1×6
- (a) Distinguish between own, cross and income elasticities of demand. 2+4
 - (b) Distinguish between individual demand and market demand. What are the determinants of demand ? 3+3
3. Answer any *one* question : 1×10
- (a) Explain briefly 'a different view of perfect competition' as proposed by Ferguson and Gould for analysing the equilibrium situation of a perfectly competitive firm and that of the perfectly competitive market.
 - (b) Discuss in detail, the derivation of LAC and LMC from the short-run cost curves. Why is LAC known as the envelope curve ? 8+2

Group—B

4. Answer any *two* questions : 2×2
- (a) Distinguish between demand pull and cost push inflation.
- (b) What is high-powered money ?
- (c) Define M2.
- (d) Define exchange rate in the context of international trade.
5. Answer any *one* question : 1×6
- (a) Explain the two approaches of quantity theory of money. What are the distinctive features of Keynesian demand for money.
- (b) Define the BOP account of a country.
- What are the two major components of BOP ? Define.
- Which of the following items are part of current account ?
- (i) interest income (ii) FDI (iii) foreign aid (iv) Loan from IMF. 2+2+2

6. Answer any *one* question :

1×10

(a) Explain the functions of Commercial Banks of India.

(b) Suppose the model of an economy is given as :

$$C = 100 + 0.75 Y_d$$

$$I = 200$$

$$G = T = 100$$

$$TR = 50$$

Where Y_d : Disposable income, G : Government expenditure, T : Lumpsum Tax, TR : Transfer payments.

- (i) Find the equilibrium level of income
- (ii) Calculate Government expenditure multiplier.
- (iii) If full-employment level of income is 1600 crores, how much government expenditure be increased to attain full employment ?

3+3+4