

2014

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 : 5×4**

- (a) State the properties of Cobb-Douglas production function.
- (b) Show that LR cost curve is derived as the envelope of SR cost curves.
- (c) Define three elasticities of demand and specify the nature of goods on the basis of their values.

*(Turn Over)*

- (d) Briefly explain the factors that determine the elasticity of demand.
- (e) Show that the supply curve of a monopolist supplier is non-existent.
- (f) Explain Bain's Limit Pricing theory.
- (g) Elaborate the famous "prisoners' dilemma" game.
- (h) Establish the importance of the assumption underlying the Leontief closed input-output model.
2. (a) Establish the link between industry and a firm under perfect competition.
- (b) Determine the optimum output level of a profit maximising monopolist. 7+8
3. What do you mean by equilibrium of the firm? Explain the condition of equilibrium in case of :
- (a) maximization of output subject to cost constraints and
- (b) minimization of cost for given level of output. 3+6+6
4. Distinguish between pure strategy and mixed strategy of the game. Derive the equilibrium condition in two person zero sum game. Find out the solution of the game where the pay-off matrix is given as : 4+5+6

	B <sub>1</sub>	B <sub>2</sub>	B <sub>3</sub>	B <sub>4</sub>
A <sub>1</sub>	-5	2	1	4
A <sub>2</sub>	5	6	4	8
A <sub>3</sub>	4	0	1	-3

5. Derive the gross dispute in Leontief open Input—Output Model. Give the economic interpretation of Hawkins—Simon conditions. 10+5

### Second Half

(Elements of Macro-economics)

[Marks : 50]

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

6. Answer any four of the following : 5×4
- (a) Distinguish between GNP and GDP.
- (b) Illustrate the features of Keynesian Consumption function.
- (c) Distinguish between demand pull and cost push inflation.
- (d) Explain the present value (PV) criteria of investment.
- (e) In what respects life Cycle Hypothesis differs from Permanent Income Hypothesis?
- (f) Explain the paradox of thrift.
- (g) Explain the relationship between inflation and unemployment.
- (h) What do you mean by MEC and MEI?

7. Present the simple keynesian model of income determination where investment is determined exogenously, state and explain the condition of stability of equilibrium. 8+7
8. Explain the Life Cycle Hypothesis of Ando and Modigliani. 15
9. Explain the Baumol-Tobin Inventory Theoretic Approach of money demand function. 15
10. Discuss the difference between the empirically observed short run and long run consumption function. How will you reconcile the difference in terms of James Dusenberry theory of consumption function ? 7+8
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