

M.A./M.Sc. 2nd Semester Examination, 2023

ECONOMICS

PAPER – ECO-204(CBCS)

(Fundamentals of Economics Theory)

(Old and New Syllabus)

Full Marks : 40

Time : 2 hours

The figures in the right hand margin indicate marks

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

GROUP—A

1. Answer any *two* questions : 2 × 2

(a) What are the important determinants of demand for goods ?

(b) Explain the relation between average product and marginal product.

(Turn Over)

(c) What is price discrimination ?

(d) What is break-even point ?

2. Answer any *two* questions : 4 × 2

(a) Classify the goods on the basis of the values of own price elasticity, cross-price elasticity and income elasticity.

(b) Explain diagrammatically three stages of production and find out economically efficient production zone.

(c) Explain briefly how the equilibrium of a perfectly competitive firm is determined.

(d) Define duopoly. Explain briefly the Cournot model of duopoly. (1 + 3)

3. Answer any *one* question : 8 × 1

(a) Explain how a consumer reaches equilibrium to maximize utility subject to budget constraint. State the necessary and sufficient conditions that are satisfied at this point of equilibrium. 6 + 2

- (b) Explain the basic features of a perfectly competitive market. If you are asked to define perfect competition by a single feature which one you will choose and why? 6 + 2

GROUP-B

4. Answer any *two* questions : 2 × 2

- (a) Define GDP and GNP
- (b) How does the aggregate personal income differ from the national income ?
- (c) What is demand pull inflation ?
- (d) What do you mean by gains from trade ?

5. Answer any *two* questions : 4 × 2

- (a) Explain the value added method of national income accounting.
- (b) Explain the concept of circular flow of income.

- (c) Explain the credit creation process by commercial banks.
- (d) Discuss the different policies used by governments to control inflation.

6. Answer any *one* question : 8 × 1

- (a) Explain the multiplier effect of an increase in government expenditure on the national income. 8
 - (b) Discuss key components or items of the Balance of Payments (BOP) Account for a country. Why is it said that the balance of payments always balances ? 6 + 2
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