

2016

M. Phil.

2nd Semester Examination

ECONOMICS

PAPER—ECO-121

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.

Group-A

Answer any four questions : 4×5

1. Derive the Stolper-Samuelson Theorem from the simple general equilibrium model of Ronald Jones. 5
2. What is the essence of studying uncertainty in economic models? What is risk? $2\frac{1}{2}+2\frac{1}{2}$
3. Determine the equilibrium output and price incase of an oligopoly industry having 'n' firm with identical Cost-function. 5
4. How did Sargent and Wallace explain the long-run neutrality of money in their ad-hoc model of rational expectations? 5

(Turn Over)

5. Write a critical note on Real Business Cycle Theory. 5
6. Explain with suitable examples the problems associated with backward induction when there are many players and when each player moves several times. $2\frac{1}{2}+2\frac{1}{2}$
7. What do you mean by exchange rate overshooting? How does the exchange rate move towards its long run equilibrium from the short-run equilibrium. 3+2
8. Explain the Rybczynsky Theorem in international trade.

(Group-B)

Answer any *two* questions : 2×10

9. Analyse the 'overlapping generations' model of capital accumulation in macro economic theory. 10
10. Discuss the different ways that can be taken to reduce risk. 10
11. Explain the rational expectations model of phillips curve and derive the optimal monetary rule under discretion.
12. Explain the effect of an increase in income and in the interest differential on the exchange rate in monetarist model with flexible prices. Compare the result with the Mundell-Fleming model. 7+3