

2017

M.A. / M.Sc.

2nd Semester Examination

ECONOMICS

PAPER—ECO-203

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

1. Answer any *two* questions of the following : 2×2
- (a) What are the reasons of market failure of environmental goods ?
- (b) What are the gaps of conventional system of national income accounting in the context of green accounting ?

(Turn Over)

- (c) Define common property resource with example.
- (d) What is Hotelling condition for optimal rate of extraction of non-renewable resources?

2. Answer any *one* of following questions : 1×6

- (a) Explain the economy-environment interaction.
- (b) Distinguish between weak and strong concepts of sustainable development. What are the indicators of sustainable development.

3. Answer any *one* the following questions : 1×10

- (a) Explain the Contingent Valuation Method (CVM) for valuation environmental good. What are the problems of this method? 10
- (b) (i) Explain the concept of MSY for renewable resource extraction.
- (ii) Explain the efficiency of MBI over CAC in controlling pollution. 5+5

Group—B

4. Answer any *two* questions from the following : 2×2

- (a) What is liquidity ratio?
- (b) What is profitability ratio?

- (c) In which case the value of optimum tariff be non zero? What is the major factor behind this?
- (d) Explain the elasticity of an offer curve.

5. Answer any one question from the following : 1×6

- (a) Explain the different components of balance sheet of a company.
- (b) Show the effects of an increase in level of output and rate of interest on exchange rate in the monetary approach to balance of payment framework.

6. Answer any one question from the following : 1×10

- (a) What are the different phases of a portfolio management?

Two securities P and Q generate the following sets of expected returns, γ and standard deviations, σ :

Security	γ	σ
P	15	50
Q	20	30

A portfolio is constructed with 40% of funds invested in P and the remaining 60% of funds in Q. Identify from the following situations, when diversification is a highly productive activity?

- (i) Security returns are perfectly positively correlated.
 - (ii) Security returns are perfectly negatively correlated.
 - (iii) Security returns are uncorrelated.
- (b) derive the Stolper-Samuelson Theorem from the simple general equilibrium model of Ronald Jones.
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