

**2017**

**M.A. / M.Sc.**

**1st Semester Examination**

**ECONOMICS**

**PAPER—ECO-101**

**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.*

**Group—A**

1. Answer any *two* questions of the following : 2×2

- (a) Suppose a firm wants to minimise cost of production subject to an output constraint. Form a Lagrangean expression for this problem and interpret the Lagrangean multiplier.

*(Turn Over)*

- (b) In what sense is a second order condition (SOC) called a sufficient condition ?
- (c) What do you mean by leverage condition of a firm ? How does it differ between private firms and joint stock companies ?
- (d) Distinguish between an organisation and an institution.
2. Answer any *one* of the following questions : 1×6
- (a) What do you mean by externality ? Briefly discuss different types of externality. 2+4
- (b) What do you mean by an optimum firm ? Briefly discuss different types of optimality of a firm. 2+4
3. Answer any *one* of the following questions : 1×10
- (a) Define Market failure. Show how the market system fails in the presence of public goods. How through government intervention can this failure be corrected ? 2+6+2

- (b) What is team production? What is the role of team production in the development of the production organisation, called 'firm'? Describe the basic features of a neo-classical firm in this context. 2+4+4

**Group—B**

4. Answer any *two* questions from the following : 2×2
- (a) Explain the concept of natural monopoly with an example.
  - (b) What do you mean by vertical integration?
  - (c) What is Blockaded entry?
  - (d) What do you mean by contestable market?
5. Answer any *one* question from the following : 1×6
- (a) Prove that in Cournot equilibrium joint profit of the firms is not maximised.
  - (b) Distinguish between the following with suitable examples :
    - (i) a primary barrier to entry ;
    - (ii) an ancillary barrier to entry, and
    - (iii) an anti-trust barrier to entry.

6. Answer any *one* question from the following :  $1 \times 10$

(a) Write short critical notes on the following measures of industrial concentration :

(i) Lorenz curve and Gini coefficient ;

(ii) Concentration Ratio,

(iii) Herfindahl - Hirschman Index.  $4+3+3$

(b) Discuss the organizational structure of textile industry in India.  $10$

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