2016

M.A. / M.Sc.

4th Semester Examination

ECONOMICS

PAPER—ECO-402

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) State the Rybczynski Theorem.

(b) What are the underlying assumptions of Heckscher-Ohlin model of international trade ?

(c) Explain the Deadweight loss from tariff.

(d) Differentiate between tariff and 'VER'.

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

(a) Briefly explain intra-industry trade using economies of scale in imperfect market structure.

(b) What is maximum revenue tariff? Is it different from the optimum tariff? Explain.

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

(a) Derive the Stolper-Samuelson Theorem using the simple general equilibrium framework of Ronald Jones.

(b) Write a critical note on Rudia's stand in the WTO's Doha round.

Group—B

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

(a) What do you mean by 'reserves and surplus' in the balance shut of a company?

(b) Distinguish PBIT and PBT.

(c) What is Net Present Value?

(d) What do you mean by pay back period of a project?

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

(a) Distinguish liquidity ratio and leverage ratio of a company.

(b) Explain the Efficient Market theory of Capital assets.

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

(a) Explain with a suitable example the different components of Profit and Loss Account of a Company ? Define any four profitability ratios.

(b) Show that the efficient frontier is a straight line if there is (i) borrowing and (ii) lending in the economic activity of an individual.

Given that $R_m = 15$, $R_f = 7$, $\sigma_m = 8$

$W = 1{\cdot}25$ and $0{\cdot}75$ respectively.

Where R_m is expected return on risky portfolio,

R_f is rate of return on riskless asset/riskfree borrowing rate,

σ_m is standard deviation of risk portfolio.

W is proportion of funds invested in risky portfolio.

5 +5
