2016

DDE

M.Com. Part–II Examination

COMMERCE

PAPER—V

Full Marks : 100

Time : 4 Hours

The figures in the margin indicate full marks.

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

Illustrate the answers wherever necessary.

Write the answer question of each Half in <u>separate books</u>.

First Half

(Managerial Economics)

[Marks : 50]

Answer Q. No. 1 and any *two* from the rest.

1. Answer any *four* questions :   4×5

   (a) Distinguish between own price elasticity of demand and cross price elasticity of demand. Why should we study cross price elasticity of demand ?   2+2+1

(b) Give the four of the CES production function, indicating the parameters involved therein. State the properties of this production function. 2+3

(c) Explain the law of variable proportion. Write the expression of a Cobb-Dougles production function. 3+2

(d) Explain graphically the concepts of "break-even point" and "shut-down point". With which market are these concepts associated ? 2+2+1

(e) Explain why the notion of supply curve is not very meaningful in monopoly.

(f) What is price discrimination ? Explain the concept of first degree price discrimination. 2+3

(g) Distinguish between collusive and non-collusive oligopoly market structure.

(h) In the context of the 2×2 LSOM, mention the Hawkins-Simon conditions. Give the economic meaning of these conditions. 3+2

2. Explain the shape of the total product curve. Establish the relation between average product and marginal product with the help of a diagram. 5+10

3. What do you mean by equilibrium of a firm ? Derive conditions of equilibrium in case of (a) maximisation of output subject to a cost constraint and (b) minimisation of cost subject to a given level of output. 5+5+5

4. What are the characteristic features of a monopolistically competitive market ? Why do firms have excess capacity in the long run ? Illustrate your answer graphically. Compare this situation with that of a perfectly competitive market. 3+7+2+3

5. (a) What is the meaning of input-output analysis ? Whose name is associated with this analysis ? What are the basic assumptions of this analysis ?

   (b) Given the following information, find the gross levels of output of X_1 and X_2 required to satisfy the specified bill of final consumption :

	X_1	X_2	Bill of final consumption
X_1	0.10	0.46	50
X_2	0.16	0.17	60

2+1+5+7

Second Half

(Elements of Macro-economics)

[Marks : 50]

Answer *Q. No. 6* and any *two* from the rest.

6. Answer any *four* questions : 4×5

(a) What are transfer payments ? Are these a part of national income of a country ? Give reasons for your answer. 2+3

(b) Explain clearly the concept of paradox of thrift. 5

(c) What are the different motives behind holding money in liquid firm ? Are these motives influenced by rate of interest ? 1+4

(d) Make a clear distinction between demand pull inflation and cost pull inflation. 5

(e) What do you mean by Phillips curve ? Explain its shape. 3+2

(f) Explain clearly the difference between MEC and MEI. 5

(g) What are the different components of BOP ? 2+3

(h) Explain the basic characteristics of the New Classical Macro-economics. 5

7. What is a consumption function ? What are its characteristic features ? Explain the relation between average propensity to consume and marginal propensity to consume. Explain the factors affecting consumption function of a community. 2+3+3+7

8. Discuss the difference between the empirically observed short run and long run comsumption function. How will you reconcile the difference in terms of James Duesenberry's theory of consumption function ? 5+10

9. (a) Indicate some of the problems that you may encounter while computing National income specially of an underdeveloped economy.

(b) Suppose the consumption function of an economy is given by

C = Rs. 40 + 0.75 Y

and investment is given to be

I = Rs. 60

(i) Find the equilibrium levels of income, consumption and savings.

(ii) If investment rises to Rs. 90, what will be the new levels of equilibrium income, consumption and savings ? Also find the value of the investment multiplier.   6+(2+1+1)+(1+1+1+2)

10. Write a short critical note the inventory theoretic approach to the demand for money.   15

(All symbols used here have usual significance)