

2017

M.A. / M.Sc.

2nd Semester Examination

ECONOMICS

PAPER—ECO-204 (CBCS-I)

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) Distinguish microeconomics and macroeconomics.
 - (b) What do you mean by returns to scale ?
 - (c) What do you mean by opportunity cost and implicit cost ?

(Turn Over)

(d) Write any two important assumptions of monopoly market.

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

(a) State the law of variable proportions. What is the relation between average cost and average variable cost curves of a firm in short run? Explain the relation. 2+4

(b) State the laws of demand and supply. Explain the determination of equilibrium market price.

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

(a) Define income elasticity of demand. Establish the relation between total revenue, marginal revenue and price elasticity of demand. Explain the relationship. 2+8

(b) Discuss, with the help of suitable diagrams, the short run and long run equilibrium of a perfectly competitive firm. 10

Group—B

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

(a) Define Narrow money.

(b) What are the objectives of monetary policy of RBI?

- (c) State the major sources of supply and demand for foreign exchange in a developing country.
- (d) What do you mean by depreciation of a currency?

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

- (a) Explain the process of credit creation by the commercial banks.
- (b) Explain the comparative cost advantage theory of trade.

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

- (a) Briefly explain different methods of accounting Natural Income of a country.
- (b) Determine equilibrium income in simple Keynesian model. Define and explain investment multiplier in this model.

6+4