

**2017****M. Phil.****2nd Semester Examination****ECONOMICS****PAPER — ECO-121***Full Marks : 50**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.*

*Answer all questions.*

**Group - A**

1. Answer any *two* questions from the following : 2×5
- (a) Define pareto optimality. Critically examine the correspondance between perfect competition and pareto optimality. 1+4
- (b) What is externality ? Briefly explain any two types of externality. 1+4

*(Turn Over)*

- (c) For stane geary utility function derive the own price elasticity of demand.
- (d) Give an overview of Mergers and Acquisition of companies in India.

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

- (a) State and explain the Walrasian law of general equilibrium.
- (b) Considering  $n$  firms in a count model with identical cost function, determine the equilibrium output and price. What happens when the firms have different cost functions ?

### Group - B

3. Answer any *two* questions from the following : 2×5

- (a) With the help of suitable examples, discuss the different ways of measuring risk of a portfolio.
- (b) Discuss how an investor chooses his optimum portfolio.
- (c) What are the different ways of reducing risk ?
- (d) What is subgame ? Give example. Define the subgame perfect Nash equilibrium. 3+2

**Group - C**

4. Answer any *one* question from the following : 1×10
- (a) Define and distinguish between extensive form and normal form game. In this context, with a suitable example, show in which respect the backward induction is an improvement over the simple Nash equilibrium.
- (b) Derive the Rybezynski Theorem from the simple general equilibrium model of Ronald Jones. 10

**[ Internal Assessment : 10 Marks ]**

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