

**2017**

**M.Phil.**

**1st Semester Examination**

**ECONOMICS**

**PAPER—ECO-113**

*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 from the following : 2×5
- (a) How would you estimate an employment function in empirical studies ?
  - (b) What are the basic problems faced by econometricians in the empirical estimation of a cost function ?
  - (c) Distinguish between risk and uncertainty. What are the different types of uncertainties faced in agriculture sector ?

*(Turn Over)*

(d) What are the measures for stabilising agricultural incomes and prices ?

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

(a) Describe the methodology used in the estimation of economic capacity utilization for a manufacturing industry, giving stress on the measurement of the relevant economic variables.

(b) Specify and define marginal productivity of the following production functions :

(i) Quadratic production function.

(ii) Spillman Production Function.

(iii) CES Production Function.

(iv) Transcendental production function.

**(Group-B)**

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

(a) Suggest some appropriate variables to measure the following :

(i) World demand for India's export ;

(ii) Rural consumption demand ;

(iii) Aggregate price level.

Is there any theoretical restriction on the value of the coefficient of the inflationary gap in the monetary policy reaction function? Explain. 3+2

- (b) Frame an empirical model to identify the important factors that determine inflation in India.
- (c) Explain the simultaneous equation model of money demand and money supply.
- (d) Following is the result of the estimated money demand function  $M = \alpha y^\beta r^\gamma e^u$  (where  $M$  is the real money demand,  $y$  is real income,  $r$  is the rate of interest).

$$\ln(M) = 1205.3 - 0.88 \ln(y) + 66.1 \ln(r)$$

Interpret the estimated result and justify whether it follows the features of Keynesian Money Demand Function.

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

- (a) (i) Give a brief description of the New Keynesian Model of monetary policy analysis.
- (ii) Write down the appropriate form of the functions measuring aggregate supply and aggregate demand for the Indian economy.
- (iii) can you justify any underprediction of inflation measured by the Phillips curve of the new-Keynesian framework for India over the period of  $Q_1$  (2008) to  $Q_3$  (2008).

- (b) Write notes on trends in macro econometric model construction and RBI-MSE macro model of the Indian economy.
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