

Total Page - 4

M.Phil/2nd Sem/ECO/19

2019

M.Phil.

2nd Semester Examination

ECONOMICS

Paper - ECO 121

Full Marks : 50

Time : 2 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.*

Group - A

1. Answer any *two* questions from the following :

5×2=10

- (a) Explain, with a suitable diagram, how output is determined in a Cournot duopoly model. 5
- (b) Pareto optimal situation will remain unattainable, if initial distribution of resources is not conducive to the attainment of Pareto optimality even when there exists perfect competition in all relevant markets. 5

[Turn Over]

(2)

(c) State the axioms of utility function. Justify whether the Stone-Geary utility function satisfies these axioms or not. 5

(d) Find out the values of own price, cross price and income elasticities for Cobb-Douglas type utility function. 5

2. Answer any *one* question from the following :

10×1=10

(a) What happens when the number of firms increases indefinitely in a Cournot model. 10

(b) What do you mean by externality ? What are the different types of externality ? For any one of them show how market system fails to attain Pareto optimal situation. 2+3+5

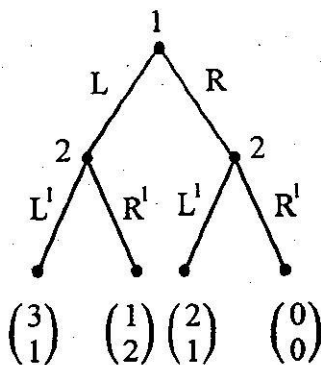
Group - B

3. Answer any *two* questions from the following :

5×2=10

(a) (i) Why do we use game theory in Economics ? Give some examples.

(ii) Differentiate between normal form game and extensive form game. Rewrite the following extensive form game in normal form :



2+3

- (b) What is risk premium ? 5
- (c) What are the different measures of risk ? 5
- (d) Discuss briefly the trade-off between risk and return in selecting a portfolio. 5

4. Answer any *one* question from the following :

10×1=10

- (a) (i) Distinguish between partial equilibrium and general equilibrium. 10
- (ii) State and prove the Walras Law of general equilibrium. What are the features of this equilibrium ? 2+5+3

[Turn Over]

(4)

- (b) Graphically find out and explain the Nash equilibrium of the following game : 10

		B	
		Opera	Fight
A	Opera	2, 1	0, 0
	Fight	0, 0	1, 2

[Internal Assessment : 10 Marks]
