2007

E LONO \I CS

PAPER-VI

Full Marks : 40

Time : 2 hours

The figures in the right-hand margin indicate marks

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

*Illustrate **the answers** whenever necessary*

1. **Answer any *five* questions:** 2x5

   (a) What are the stylised facts about economic growth?

   (b) What are **Inada conditions?**

   (c) **If Q = 0-06, find the half life of convergence.**

   (d) **Distinguish between one sectorgrowth model and two** sector growth model.

   (e) What do you mean by labour augmenting technological progress?

   (f) What will be the effect on balance of trade if **autonomous** exports (X) increases?

(g) What are the two gaps in two gap analysis?

(h) What is intra-industry trade?

(i) What do you mean by balance sheet of a company?

(j) What is forward contract?

2. Answer any *two* questions: S x 2

   (a) Derive the fundamental dynamic equation of Solow
       model.

   (b) Show that Cobb Douglas production function is
       Hicks neutral, Harrod neutral and Solow neutral.

   (c) Do you think that social welfare gain will always be
       positive in case of customs union'?

   (d) Explain the concepts of liquidity ratio, leverage ratio,
       profitability ratio, and valuation ratio with the help
       of one index for each.

3. Answer any *two* questions :   10x2

   (a) **Explain the** golden rule of capital **accumulation.**
       Prove that technological progress **must be labour
       - augmenting** to have steady state.   5+5

   (b) What is endogenous growth? Explain AK model of
       endogenous growth.   3+7

(c) Explain the proposition `Free international trade **unambiguously reduces the consumption and employment in South and increases consumption** and employment in the North'. 10

(**d) Explain the Capital Asset Pricing Model** (CAPM). 10