Total Pages—4

PG/IVS/ECO-402/15

M.A./M.Sc. 4th Semester Examination, 2015

ECONOMICS

PAPER — ECO-402

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 wherever necessary

GROUP — A

1. Answer any *two* questions : 2×2

(*a*) What is the distributive implications of specific-factor trade model ?

(*b*) Define Stolper-Samuelsion Theorem in international trade.

(*Turn Over*)

(*c*) Differentiate between free trade area, custom union, common market and economic union.

(*d*) Explain in brief the Metzler's paradox.

2. Answer any *one* question : 6 × 1

(*a*) Derive the Rybczynsky Theorem using the simple general equilibrium framework of Ronald Jones.

(*b*) Explain the concept of effective rate of protection with suitable example.

3. Answer any *one* question : 10 × 1

(*a*) Explain intra-industry trade using economies of scale in imperfect market structure. 10

(*b*) What is optimum tariff ? Derive optimum tariff for a large open economy when would optimum tariff be zero. 2 + 6 + 2

GROUP – B

4. Answer any *two* questions : 2 × 2

(*a*) What is debenture capital ?

(*b*) Distinguish between gross profit and operating profit.

(*c*) What is benefit cost ratio of a project ?

(*d*) If a project involves a cash outlay of Rs. 600,000 and generates cash inflows of Rs. 100,000, Rs. 150,000, Rs. 150,000 and Rs. 200,000 in the first, second, third and fourth years respectively then what is the payback period of the project ?

5. Answer any *one* question : 6 × 1

(*a*) Explain with a suitable example the different components of Balance Sheet of a Company. 6

(*b*) Explain three phases of bull market and bear market with the help of diagrams. 3 + 3

6. Answer any *one* question : 10 × 1

(*a*) Distinguish among the following ratios for evaluation of financial performance of a company—

Liquidity Ratio, Turnover Ratio, Leverage Ratio, Profitability Ratio, Valuation Ratio and Coverage Ratio. 10

(*b*) Explain clearly the Capital Asset Pricing Model (CAPM), and its underlying assumptions. Why is the model important ? 6 + 4
