

2019**Part—III****MICRO AND MACRO ECONOMICS****(Honours in Marketing Management)****PAPER—MH-8***Full Marks : 100**Time : 4 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.

1. Answer any *two* questions : 2×15
- (a) What is a demand curve ? Why does the demand curve slope downwards to the right ? Are there any exceptions to it ? 5+7+3
- (b) Distinguish between fixed costs and variable costs of production. Examine the relationship between the

(Turn Over)

short run average cost curves and the long run average cost curves of a firm. 7+8

- (c) Compare the price and output determination under conditions of Perfect Competition and Monopoly.
- (d) Explain the concept of National Income. Point out the difficulties in its correct measurement. 6+9
- (e) State the saving-investment identity. Discuss the determination of equilibrium National Income under IS-LM Model. 5+10
- (f) What is business cycle? Write the different phases of business cycle and point out its causes. 4+6+5

2. Answer any *five* questions : 5×8

- (a) Explain the main properties of indifference curves.
- (b) Show how price effect is a combination of an income effect on the one hand and a substitution effect on the other.
- (c) State and explain the Law of variable proportions. Illustrate diagrammatically.

- (d) What are the major determinants of price elasticity of demand for a commodity ?
- (e) Explain the process of creation of credit by commercial banks.
- (f) State and explain keynesian consumption function.
- (g) Discuss the demand pull and cost push factors of inflation.
- (h) Explain the principle of Acceleration.

3. Answer any *five* questions :

5×4

- (a) What you mean by —
 - (i) Inferior goods,
 - (ii) Giffen goods.
- (b) Explain income consumption curve.
- (c) Explain the relationship between AR, MR and TR.
- (d) Critically examine the law of diminishing returns.

- (e) Distinguish between —
- (i) GDP and GNP,
 - (ii) Personal Income and Disposable Income.
- (f) Explain the functions of money.
- (g) Discuss the concept of balanced budget multiplier.
- (h) Mention some fiscal and monetary measures to combat inflation.

[Internal Assessment — 10 Marks]
