

2022

M.A. / M.Sc.

2nd Semester Examination 2022

ECONOMICS

PAPER—ECO-204

FUNDAMENTALS OF ECONOMICS THEORY
(CBCS)

Full Marks : 50

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. 2×2

(a) Define the law of diminishing marginal utility.

(Turn Over)

(b) What is Income Consumption Curve (ICC)? What is the shape of the ICC for an inferior goods?

(c) Define production function. What are the basic factors of production? 1+1

(d) Distinguish between fixed and variable costs.

2. Answer any *two* questions. 2×4

(a) What is the law of demand? What are the exceptions to the law of demand?

(b) Illustrate the equilibrium of a consumer to maximize utility subject to the budget constraints.

(c) Describe the relationships between short-run and long-run average cost functions.

(d) Describe briefly the law of variable proportions.

3. Answer any *one* question. 1×8

(a) Define own price elasticity, cross price elasticity and income elasticity of demand. Classify the

goods on the basis of the values and signs of these elasticities. 5+3

- (b) Describe the basic features of a perfectly competitive market. Briefly present how the equilibrium output of a perfectly competitive firm is determined. 4+4

Group - B

4. Answer any *two* questions. 2×2

- (a) Distinguish between GDP and GNP.
 (b) Define the concept of expenditure multiplier.
 (c) What are the different functions of money?
 (d) Distinguish between fixed exchange rate and flexible exchange rate.

5. Answer any *two* questions. 2×4

- (a) Explain the value added method of national income accounting.

- (b) Derive the personal income from the GDP at market price.
- (c) Distinguish between demand-pull inflation and cost-push inflation.
- (d) Explain the instruments of the monetary policy of an economy.

6. Answer any *one* question. 1×8

- (a) Explain the role of inventory investment in determining the equilibrium output in the simple Keynesian framework.
- (b) Explain with example the distinction between the Balance of Trade (BOT) and the Balance of Payments (BOP) of a country.

[Internal assessment - 10]
