

RAMAKRISHNA MISSION VIDYAMANDIRA

(Residential Autonomous College affiliated to University of Calcutta)

B.A./B.Sc. SECOND SEMESTER EXAMINATION, MAY 2025

FIRST YEAR [BATCH 2024-28]

ECONOMICS

Paper : 2ECOCOC1

Date : 28/05/2025

Time : 11 am – 1 pm

Full Marks : 50

(Use a Separate Answer Book for each group)

Group A

1. Answer **any one** question: [1×5]
- a) Consider a closed economy with the following expenditure totals for a year:
- Consumption 1300
 - Investment 500
 - Government purchases 500
 - Government Tax receipts 400
 - Depreciation 200
- Find the value of i) Government Budget Surplus/ Deficit; ii) GDP iii) NDP
2. Consider the Fisher model of intertemporal choice. Suppose Swapan, a worker in a restaurant earns nothing in the first period and 210 in the second period. Swapan is found to consume 100 in first period and 100 in the second period. Find out the rate of interest if everyone is allowed to borrow and lend at the same interest rate.

Answer **any two** questions: [2×10]

3. a) Explain the product method of calculating GDP. What major problem does this method face? What are the solutions for the problem?
- b) Discuss the differences between nominal and real GDP. What is GDP deflator? What does it measure? [(2+2+2)+(2+1+1)]
4. Assume:
- $C = 10 + 0.8 DI$
 - $I = 35, G = 15$
 - $T = -40 + 0.25 Y$
- Where C stands for consumption; T- stands for tax collection, D.I. stands for disposable income, Y for national income.
- a) Find out the equilibrium income.
- b) Suppose Y is to be raised to a value 280. What are the different policies which may be used to achieve this?
- c) Find out the effect on consumption and deficit in the budget under each of policies? [4+3+3]
5. Discuss the Permanent Income Hypothesis in brief. What happens to consumption, according to the hypothesis, if a person experiences an one time increase in his income? [7+3]
6. Explain, in brief the neo-classical theory of investment. [10]

Group B

Answer **any one** question: [1×5]

7. Define Minimum Support Price (MSP) and explain its objective.
8. Mention any two major contributions of the services sector to India's economy.

Answer **any two** questions:

[2×10]

9. How have subsidies and cash transfers shaped the agricultural policy landscape in India?
10. Analyze the changing policy regime and its impact in India's industrial competitiveness.
11. Discuss the significance of MSMEs in India. What policy measures are needed to support them? (5+5)
12. What are the key challenges to achieving sustainable agricultural growth in India?

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