RAMAKRISHNA MISSION VIDYAMANDIRA

(Residential Autonomous College under University of Calcutta)

SECOND YEAR

B.A./B.SC. THIRD SEMESTER (July–December), 2012

Mid-Semester Examination, September, 2012

Date : 10/09/12

Economics (Honours)

Time : 2pm – 4pm | Full Marks : 50

(Use separate answer scripts for each group)

Group – A

Answer **any three** questions : (5×3=15)

1. Consider the effect of an excise tax of 't' per unit. Analyse the effect on price under perfect competition.
2. Let us consider a perfectly competitive market with increasing input prices in the lmg run. Find the industry supply curve.
3. Consider a firm with two factors and production function $Q = AK^{1/4}L^{3/4}$. With input prices w = 2, r = 3 find the cost function.
4. A monopolist can produce at constant average and marginal cost of 5 units. It faces a demand curve X=53-P(X). Calculate the profit-maximesing output and price and also calculate the profit.
5. Explain why a monolist will not produce on the inelastic region of the demand curve. What will be the elasticity of demand for a revenue-maximesing monopolist?
6. Show how a monopolist can use price-discrimination if there are two separate markets for its output.

Group – B

Answer any two questions : (5×2=10)

7. 'When there are more than one variable factors of production, the VMP curve of an input is not its demand curve.' — Justify the statement. (5)
8. Effect of union activity depends on whether the firm has monopsonistic power and on the elasticity of the demand for labour . Explain. (5)
9. What is the difference between rent and quesi-rent? (5)
10. State and prove Euler's product exhaustion theorem. (5)

Group – C

Answer any five questions : (5×5=25)

11. Consider an economy in the long run. Discuss the impact of an increase in government expenditure on the income and interest rate of the economy. (5)
12. What is seigniorage? What are its limitations? (3+2)
13. What are the social costs of expected inflation? (5)
14. Explain the concept of 'Golden Rule of Capital Accumulation'. (5)
15. In the Solow Growth model what will be the impact of an one time increase in the savings rate of the economy? (5)
16. Discuss the role played by expected inflation in the Phillips curve. (5)
17. How can you differentiate between the demand rule impacts and cost push impacts in a Phillips curve. (5)