

RAMAKRISHNA MISSION VIDYAMANDIRA

(Residential Autonomous College under University of Calcutta)

SECOND YEAR

B.A./B.SC. FOURTH SEMESTER (January – June), 2012

Mid-Semester Examination, March 2012

Date : 19/03/2012

ECONOMICS (Honours)

Time : 2 pm – 4 pm

Paper : IV

Full Marks : 50

[Use separate Answer Books for each group]

Group – A

1. Answer **any five** questions :

[5×5]

- Derive the short-run supply curve of the firm under perfect competition.
- Discuss the long-run equilibrium position of a firm in a perfectly competition.
- Discuss the economic significance of deadweight loss.
- Discuss the impact of per unit tax on monopoly equilibrium.
- Distinguish between the perceived and proportional demand curve.
- Is it profitable to go for price-discrimination in the context of a third-degree price-discrimination. Explain your answer.
- Derive the short-run equilibrium under monopolistic competition.

Group – B

1. Answer **any five** questions :

[5×5]

- Suppose the production function an economy faces is Cobb-Douglas with parameter $\alpha = 0.3$. What fraction of income do capital and labour in the economy receive?
- Country A and country B both have the production function $Y = K^{\frac{1}{2}}L^{\frac{1}{2}}$. Neither country has population growth or technological progress. Assume further that country A saves 10% of output each year and country B saves 20% of output each year. Find out the steady state level of capital per worker and income per worker in each country.
- Distinguish between conditional and unconditional convergence.
- What is the 'Golden Rule level of Capital'? Explain why a country should adopt choosing capital according to the Golden Rule?
- What is Fisher Effect? Following the effect explain what happens to real and nominal interest rates if inflation rises from 6 to 8 percent.
- Explain the Cagan model pointing out its difference from the Quantity Theory of Money.
- What are the three functions of money? Which of the functions do the following items satisfy—
 - a credit card
 - a Rembrandt painting
 - a subway token

