UNIT-III

5. Derive the equilibrium condition for trade in a pure exchange and market exchange equilibrium. Analyse with the help of appropriate diagrams, how a pareto optimal final allocation point may be reached in an Edgeworth Box set-up starting from a valid Endowment (Initial Allocation) point. In this equilibrium efficient? Prove. 5+5+4=14

6. State and derive the Walras Law and explain its role in determining the equilibrium across markets in a General Equilibrium (Market Exchange) framework. Generalise the Walras' Law for n-markets. Explain the role of price in market/pure exchange models. 8+2+4=14

UNIT-IV

7. (a) Distinguish between 'uncertainty' and 'risk'.
   (b) Illustrate people's attitude towards 'insurance' and 'gambling'.
   (c) Illustrate how a consumar takes decision under uncertainty. 4+5+5=14

8. Show how the incidence of asymmetric information create problems in the market for lemons. Explain the role of signaling and screening in ordering this problem. 7+7=14

UNIT-V

9. Show how rate of interest is determined through lending-borozing and saving-investment mechanism. 14

10. Write short notes on (any two): 7+7=14
   (a) CAPON model
   (b) Pricing of exhaustible resources
   (c) Management of non-exhaustible resources.

★★★

PG (CBCS) EVEN SEMESTER EXAMINATION, 2024

ECONOMICS

2nd Semester

Course No. : ECOCC - 201 (O)

(Micro Economic Analysis–II)

Full Marks : 70

Pass Marks : 28

Time : 3 hours

The figures in the margin indicate full marks for the questions

(Answer five questions taking one from each unit)

UNIT-I

1. Explain mathmatically Baumol's single-product model with advertisement. 14

2. The goal of the firm is to maximize the balanced rate of growth of the firm i.e. maximize $g=g_D=g_c$. Illustrate. 14

UNIT-II

3. From the point of view of economic welfare of the society as a whole what are the various ways to evaluate different economic alternatives? Explain critically. 14

4. (a) How do you define 'social welfare function' and how is it useful for welfare analysis?
   (b) Analyse the impact of 'trade protection' on the domestic economy. 10+4=14