443A (MIC2)

[16–HDGKACRM–M2]

MA 2nd Semester Exam., 2016

ECONOMICS

(Code : MEC/MAEC05)

Microeconomics—II

Full Marks : 80

Time : 3 hours

The figures in the margin indicate full marks for the questions

1. Answer any *five* from the following questions (each in around *50* words) : 2×5=10

(a) Define balanced growth rate.

(b) What do you mean by elasticity of factor substitution?

(c) What are the components of demand for loanable funds?

(d) Give the definition of economic rent.

(e) Define the problem of 'realizing surplus value'.

(f) Give the definition of general equilibrium.

2. Answer any *three* from the following questions (each in around *150* words) : 4×3=12

(a) Explain the significance of tâtonnement procedure in explaining the concept of general equilibrium.

(b) Explain, in brief, what the theory of general equilibrium under uncertainty states.

(c) Why is the concept of social welfare based on cardinal utility being criticised? Explain.

(d) What are the limitations of Bergson's criterion of social welfare function?

3. Answer any *three* from the following questions (each in around *250* words) : 6×3=18

(a) Is there any possibility of unique general equilibrium? Do you think such a unique general equilibrium will be stable?

(b) Discuss the impact of Arrow-Debreu model on economics and financial economics.

(c) Explain the Pigovian criteria of social welfare.

(d) Critically discuss Arrow's impossibility theorem of welfare economics.

4. Answer any *four* from the following questions (each in around *500* words) : 10×4=40

(a) Critically analyze Baumol's theory of sales revenue maximization. 10

(b) State Euler's theorem. How does Euler's theorem of product exhaustion explain the distribution of national income between labour and capital? 2+8=10

(c) Explain, within suitable diagrams, the loanable funds theory of interest rate. 10

(d) Critically analyze Knight's theory of profit. What are the criticisms of Knight's theory? 7+3=10

(e) Critically explain Kalecki's theory of income distribution and its implications. 10

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