85A (ATET)

[18–HRGPKAC–M3S]

MA 3rd Semester Exam., 2018

ECONOMICS

[MEC (S3) 09]

(Advanced Topics of Economic Theory)

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 within *50* words) : 2×5=10

(a) How did Hicks define neutral invention?

(b) Show the concept of economic region with the help of an appropriate figure.

(c) How does interest rate behave with respect to change in money supply in the Keynesian range of the LM curve, and why?

(d) Define the term 'globalization'.

(e) Define the term 'elasticity of substitution'.

(f) When does technical progress occur in an economy?

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

(a) "Gambling creates risk, while insurance addresses the risk and protects from risk." Discuss the statement.

(b) Discuss the concept of moral hazard with the help of a hypothetical example.

(c) Discuss how Cambridge economists criticised the neoclassical approach of growths.

(d) Describe the principles of WTO.

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

(a) Discuss the major arguments for and against the globalization.

(b) Discuss the major economic and demographic factors that affect the demand for insurance products in an economy.

(c) Discuss the basic postulates of the Keynesian consumption function with respect to the income-consumption relationship. Trace the major post-Keynesian developments on the field. 4+2=6

(d) Distinguish between actual rate of growth and warranted rate of growth as discussed in the Harrod growth model.

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

(a) "A lemon problem may arise when low quality goods drive out high quality goods from market." Discuss the statement in the context of markets for used cars and insurance products. 5+5=10

(b) Examine different categories of individual's behaviour towards risk in light with the expected utility theory.

(c) Discuss the effects of changes in government expenditure on balance of payments equilibrium. How can monetary policy help in solving balance of payments disequilibrium? 7+3=10

(d) Discuss the static and dynamic effects of customs union.

(e) Write short notes on the following (each within *250* words) : 5×2=10

(i) Role of technological change in economic growth

(ii) Catch-up effect of growth

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