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PG/IIS/ECO/204/25(CBCS)

M.A./M.Sc. 2nd Semester Examination, 2025

ECONOMICS

(Economic Theory)

PAPER – ECO-204(CBCS)

Full Marks : 50

Time : 2 hours

Answer all questions

The figures in the right hand margin indicate marks

*Candidates are required to give their answers in
their own words as far as practicable*

GROUP—A

Answer any two questions : 2 × 2

1. Define Law of Demand and Law of Supply.

(Turn Over)

2. Give one example from each of substitute goods and complementary goods.
3. Define and explain normal profit.
4. Define discriminating monopoly.

Answer any two questions : 4×2

5. Distinguish between Change in Quantity Demanded and Change in Demand.
6. Explain using diagram how price and quantity of a good are determined in a free market system.
7. If you asked to define perfect competition by a single feature, which one will you choose and why ?
8. Briefly explain how the equilibrium of a monopoly firm is determined.

Answer any one question : 8×1

9. Define price elasticity of demand. Explain how you can determine price elasticity of demand at a point along a linear demand curve. $2 + 6$
10. Show that the long-run average cost (LAC) curve of firm is the lower envelope of the short-run average cost (SAC) curves. Explain the relation between the average cost (AC) and the marginal cost (MC) curves. $4 + 4$

GROUP-B

Answer any two questions of the following : 2×2

11. What is NBFC ?
12. Write any four functions of central bank of a country.

13. Distinguish between real GDP and nominal GDP.

14. What are the components of effective demand ?

Answer any two questions of the following : 4×2

15. Explain the credit creation process by commercial banks.

16. Distinguish between demand-pull inflation and cost-push inflation. Is inflation always harmful ? Explain. $2 + 2$

17. What are the different methods of national income accounting, Is GDP the same as National Income ? $3 + 1$

18. Explain the concept of circular flow of income.

Answer any one question of the following : 8×1

19. Discuss the different components of a country's Balance of Payments (BOP) account with a suitable example. Why is it said that the Balance of Payments always balances ? $6 + 2$
20. Explain the effect of an increase in government expenditure on equilibrium income using both mathematical and graphical approaches. $4 + 4$

[Internal Assessment – 10 Marks]

