

Burdwan Raj College
Department of Economics
Internal Assessment: Home Assignment

(To be Submitted to designated email id mentioned below by 18th November 2020)

Semester: II

Subject: ECONOMICS (*Hons*)

Paper: CC-3 (Introductory Macroeconomics)

Send your assignments to (email id): pialibd@gmail.com

Full Marks: 50

1. Answer any six questions: 5 x 6 = 30

- a. What are the problems of national income accounting?
- b. Explain the properties of consumption function.
- c. Briefly explain the concept of paradox of thrift.
- d. Explain the concept of simple Keynesian multiplier.
- e. Explain the balanced budget multiplier.
- f. what do you mean by liquidity trap? What is its implication?
- g. State different functions of money.
- h. Derive the IS curve.

2. Answer any two questions: 10 x 2 = 20

- a. With suitable diagram show how equilibrium is reached in IS-LM model
 - b. Explain the process of credit creation by commercial banks.
 - c. Briefly explain the simple Keynesian model of income determination.
 - d. Briefly explain the permanent income hypothesis of consumption function.
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Procedure of Appearing in the Internal Examination:

- 1. Download the question paper from the “online examination” section of the College portal: www.burdwanrajcollege.ac.in**
- 2. Write your assignment on blank white A4 size papers.**
- 3. The assignment must carry the following details of the student:**
 - a. Name of the Student
 - b. University Roll Number
 - c. University Registration Number
 - d. Name of the Paper
 - e. Mobile Number of the Student
- 4. Examinees will have to submit their own hand-written answer scripts electronically to the mail id specified by the College in a single pdf file.**
- 5. On the subject-line of the mail write your Name and University Roll No.**

Burdwan Raj College
Department of Economics
Internal Assessment: Home Assignment

(To be Submitted to designated email id mentioned below by 18th November 2020)

Semester: II

Subject: ECONOMICS (Hons)

Paper: CC-4 (Mathematical Economics –I)

Send your assignments to (email id): mahaswetaroy78@gmail.com

Full marks: 50

The figures in the margin indicate full marks. Candidates are required to give their answers in their own words as far as practicable.

1. Answer any six (06) questions: 5×6=30
 - a. If $MRS = \frac{x-a}{y-b}$, show that one form of utility function is $u = (x - a)^2 + (y - b)^2$.
 - b. Demand function of a profit maximising monopolist is $p = 274 - x^2$ and $MC = 4 + 3x$. Determine the consumer surplus.
 - c. The marginal propensity to consume is equal to $\frac{1}{2}$. Obtain the consumption function if consumption is 50, when income is zero.
 - d. What is homothetic function? Show that marginal products (x_1 and x_2) depend only on the input ratio for the production function
 $y = f(x_1, x_2) = x_1^{0.4}x_2^{0.6}$. 2+3=5
 - e. How do you define a concave function? Check $Z = (x+y)^2$ for concavity or convexity.
 - f. Distinguish between local and global maxima. A firm produces $Q = 2\sqrt{L}$ units of a commodity when L units of labour are employed, If the price obtained per unit of output is Rs. 160 and cost per unit of labour is Rs. 40. What value of L maximises profit $\pi(L)$. 1+4=5
 - g. Prove that
 $P(A \cup B \cup C) = P(A) + P(B) + P(C) - P(A \cap B) - P(B \cap C) - P(A \cap C) + P(A \cap B \cap C)$
 - h. (i) When do we use Lagrange multiplier and why?
(ii) given production function $q = f(x, y)$ and $C = P_x \cdot x + P_y \cdot y$; interpret the Lagrange multiplier in case of cost minimisation subject to given level of output.

2. Answer any two (02) questions:

10×2=20

- a. Given demand and supply for the Cobweb model as follows, find the intertemporal equilibrium price and determine whether the equilibrium is stable

$$Q_{dt} = 18 - 3P_t$$

$$Q_{st} = -3 + 4P_{t-1}$$

- b. Analyse the Razor's Edge problem following Domar's Growth Model.
c. For an economy the following functions are given:

$$C = 100 + 0.8y$$

$$S = -100 + 0.2y$$

$$I = 120 - 5i$$

Find out (1) IS equation, (2) LM equation (3) equilibrium level of income and interest rate.

- d. (i) The production function of a particular commodity was estimated as

$$X = L^{0.64}K^{0.36}$$

Where X is the production of that commodity L and K. Determine marginal productivities for L=1.5 and K = 1.1 units

- (ii) Show mathematically, the price effect is the resultant of substitution effect and income effect.

5+5 =10

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