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Your Roll No.................

7023

G

M.Com/Semester I (OC)

Paper No. 6103 : Economic Analysis

Time : 3 Hours   *Maximum Marks* : 100

(Write your Roll No. on the top immediately on receipt of this question paper.)

Attempt *All* questions.

Each question carries equal marks.

Label figures properly.

1.   (*a*)   Define Steady State Growth. Evaluate Baumol's theory

of Growth of the Firm.   20

Or

(*b*)   How does Marris theory explain 'Steady State

Growth' ? How is conflict removed ?   20

2.   (*a*)   How is equilibrium of a multi-product producer derived

with the help of the production possibility curve ?

20

Or

(b) Explain the attributes of the Cobb-Douglas production funcation. What is its importance and limitations ? 12

(c) What do you mean by duality in production ? Derive the cost function for a Cobb-Douglas production function.

8

3. (a) Discuss the dynamics of long run equilibrium under perfect competition for (1) increase in cost of production and (2) imposition of a specific tax. 12

(b) If a monopolist has two plants and their demand function is given as $q = 200 - 2p$ and the cost functions are given as $C_1 = 10 \, q_1$ and $C_2 = 0.25 \, (q_2)^2$. How will the monopolist distribute production among the two plants to maximize profit ?

8

Or

(c) What is product group and industry under monopolistic competition ? How does a monopolistic firm attain equilibrium with both price competition and entry exist ?

20

4. (a) Explain an Iso-profit curve and its properties. With the help of these curves prove that industry profit is not maximized under Cournot equilibrium. 20

Or

(b) Write short notes on the following :

(i) Break-Even point and Shut down point

(ii) Monopsony. 10,10

5. (a) Derive a linear demand curve with the help of cardinal utility approach. What leads to the demand curve becoming convex to the origin ? 20

Or

(b) Explain Lancaster's New Theory of Demand. How is it useful in explaining demand for consumer durables ? 20