

7. (a) (i) Solve :

$$\frac{dy}{dx} + 2y = 4$$

(ii) Analyze the following market model for stability :

$$Q_d = 10 - 5p$$

$$Q_s = -10 + 5p$$

$$\frac{dp}{dt} = 3(Q_d - Q_s)$$

Or

(b) (i) Write a note on the Cobweb model.

(ii) In a market model

$$Q_{dt} = 12 - 2P_t$$

$$Q_{st} = -4 + 2P_{t-1}$$

$$\text{and } P_{t+1} - P_t = -0.25(Q_{st} - Q_{dt})$$

find the time path P_t and test whether the time path is convergent.

2018

(May)

ECONOMICS

(Major)

Course : 402

(Public Economics)

Full Marks : 80

Pass Marks : 32/24

Time : 3 hours

The figures in the margin indicate full marks for the questions

1. Answer/Choose the correct answer of the following : 1×8=8

(a) Maximum social welfare in public finance is attained when

(i) marginal disutility of taxation is greater than the marginal utility of public expenditure