2024

(FYUGP)

(2nd Semester)

ECONOMICS

(Major)

Paper Code : EC2.CC4

(Mathematical Methods for Economics—II)

Full Marks : 75

Pass Marks : 40%

Time : 3 hours

The figures in the margin indicate full marks for the questions

Answer **five** questions, taking **one** from each Unit

UNIT—I

1. *(a)* Explain the different types of matrices with examples. 10

(b) Given

$$A=\begin{bmatrix}2 & 3\\ 8 & 1\end{bmatrix} \text{ and } B=\begin{bmatrix}7 & 5 & 2\\ 4 & 8 & 1\end{bmatrix}$$

find AB. 5

2. *(a)* Define rank of a matrix. Given

$$A=\begin{bmatrix}2 & -3 & 4\\ 1 & 4 & -5\\ 3 & 1 & 6\end{bmatrix}$$

find the rank of A. 1+4=5

(b) Solve the following using Cramer's rule : 10

$$3x+3y-z=11$$
$$2x-y+2z=9$$
$$4x+3y+2z=25$$

UNIT—II

3. Find the second-order of partial derivatives : 5×3=15

(i) $Z=2x^2+5x^2y+xy^2+y^2$

(ii) $Z=12-x^2-y^2+xy$

(iii) $Z=x^2+2xy+y^2$

4. Find the total differentiation (du) of the following functions : 5×3=15

(i) $6x^2+8y^2-0\cdot 3xy$

(ii) $(x^2+y^2)(2x^2-y)$

(iii) $\log(x^2-y^2)$

UNIT—III

5. *(a)* Maximize the production function $y = x_1 x_2$ subject to the budget constraint $x_2 = 6 - 2x_1$ using substitution method. 8

(b) Show that the minimum value of $x^2 + y^2 + z^2$ subject to $x + y + z = 1$ is given by $x = y = z = \frac{1}{3}$. 7

6. A firm uses three inputs—K, L and R to manufacture good Q and faces the production function $Q = 50K^{0.4} L^{0.2} R^{0.2}$. It has a budget of ₹ 24,000 and can buy K, L and R at ₹ 80, ₹ 12 and ₹ 10 respectively per unit. What combination of inputs will maximize its output? 15

UNIT—IV

7. *(a)* State the first- and second-order conditions for maximization and minimization. 8

(b) Examine $Y = 7 + 20x + 2x^2 - x^3$ for maximum and minimum values. 7

8. *(a)* If a firm faces the demand schedule $P = 53 \cdot 5 - 0 \cdot 7q$, what price will maximize profits, if its total cost schedule is $TC = 400 + 35q - 6q^2 + 0 \cdot 1q^3$? 8

(b) A firm uses 200000 units of a component in a year, with demand evenly spread over the year. In addition to the purchase price, each other placed for a batch of components cost ₹ 80. Each unit held in stock over a year costs ₹ 8. What is the optimum order size? 7

UNIT—V

9. Solve the following differential equations : 5×3=15

(i) $\frac{dy}{dx} = 3xy$

(ii) $3x^2 + 2x - 3y\frac{dy}{dx} = 0$

(iii) $(1 - x)dy - (1 - y)dx = 0$

10. *(a)* What is difference equation? Discuss the application of difference equation in economics. 2+8=10

(b) Show that the solution of the difference equation $aY_{t+1} - bY_t = 0$ is given by $Y_t = \left(\frac{b}{a}\right)^t Y_0$. 5

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