2016

BW-(O)EC-I/16

ECONOMICS – PAPER-I

Time Allowed : 3 Hours

Full Marks : 200

If the questions attempted are in excess of the prescribed number, only the questions attempted first up to the prescribed number shall be valued and the remaining ones ignored.

Answers may be written either in English or in Bengali but all answers must be in one and the same language.

ANSWER FIVE QUESTIONS TAKING AT LEAST TWO FROM EACH GROUP.

GROUP-A

1. a) Explain how a rational consumer will allocate his fixed money income over the purchase of two goods selling at their respective fixed prices.

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   b) Separate the substitution effect from the income effect of a price change for a normal good.

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2. a) State and explain the different laws of returns to scale.

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   b) Discuss the determinants of the shape of the long run average and marginal cost curves.

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3. a) Show how a perfectly competitive firm chooses output in the short run.

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   b) Discuss the determinants of monopoly power.

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4. a) How does personal disposable income differ from national income ?

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   b) Explain the differences among three different measures of the price level – GDP deflator, consumer price index and producer price index.

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5. a) In a closed economy with government, determine equilibrium output in the goods market.

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   b) Consider the IS-LM model. Show, in the context of this model, how monetary-fiscal policy mix can be used to fight recession.

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GROUP-B

6. a) Show how the Heekscher-Ohlin model explains the basis of comparative advantage.

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   b) State and explain the Leontief Paradox.

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7. a) Suppose that the economy has external balance but unemployment. Assuming that the exchange rate is fixed, use the Mundell-Fleming model to show how fiscal and monetary policies can help the economy achieve both external and internal balance.

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P.T.O.

7. b) Distinguish between accounting balance and equilibrium in the balance of payments of a country.

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8. a) If the values of the variable to be averaged have differential importance how would you find the average ? Illustrate with an example.

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b) State the simple linear regression model indicating how the constants of the model are estimated.

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9. a) Characterise normal probability distribution showing how the mean and the standard deviation define it.

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b) Indicating the importance of standard error in sampling theory, show how standard error of mean is calculated.

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10. Write short notes on any two of the following :

a) Relative frequency distribution.
b) Impact and Incidence of taxation.
c) Consumer surplus.
d) Open economy saving-investment relationship.

20+20

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