

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 given either in **English** or in **Bengali** but all answers must be in one and same language.

Answer any five questions taking at least two from each group:

Group A

1. a) What is the relationship between GNP and Personal Disposable Income?
b) How does a proportional income tax act as an automatic stabilizer in a Simple Keynesian Model?
20 + 20
2. a) What is the difference between a normal good and an inferior good? Is an inferior good always a Giffen good? Explain your answer with diagrams.
b) In a two commodity framework, draw the indifference curves and find the equilibrium consumption bundle when
 - i) the commodities are perfect substitutes
 - ii) the commodities are perfect complements20 + 20
3. Define
 - a) production function
 - b) isoquants
 - c) ridge lines
 - d) returns to scale4 x 10
4. a) What determines the slope of the IS curve?
b) What does a point below the IS curve signify?
20 + 20
5. a) What are reaction functions in duopoly models?
b) Derive the equilibrium price in a Bertrand model of duopoly for a homogenous good.
20 + 20

Group B

6. a) Differentiate between public goods and private goods.
b) What is the relation between Average Tax Rate and Marginal Tax Rate for
 - (i) Proportional Income Tax
 - (ii) Progressive Income Tax20 + (10+10)

P.T.O.

7. a) What are the two components of gains from trade? Explain with the help of a diagram.
b) Does an export subsidy improve the welfare of the country giving subsidy to its exportable sector? Explain your answer.

20 + 20

8. Explain the concepts of
a) physical definition of factor abundance
b) price definition of factor abundance
c) factor intensity reversal
d) optimum tariff

4 X 10

9. a) The mean of 20 observations was recorded as 30. Later it was found that one observation was wrongly recorded as 35 and the correct observation would be 15. What is the mean after making the necessary corrections?
b) An urn contains 8 white and 3 red balls. If two balls are drawn at random, find the probability that
(i) both are white
(ii) both are red

20 + (10+10)

10. a) Find k such that the function f defined by

$$f(x) = kx^2 \quad 0 < x < 1 \\ = 0 \quad \text{elsewhere}$$

is a probability density function.

- b) Find the expectation and standard error of sample proportion under SRSWR when the population proportion is given as p .

20 + 20

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