2022

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 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) Distinguish between substitution effect and income effect of a price change.

   (b) When would you get normal shaped demand curve for a commodity? Explain your answer in terms of the two effects mentioned above.   20+20=40

2. (a) Explain the relation between the short run and the long run AC and MC curves with the help of appropriate diagrams.

   (b) When would you find the average product and the marginal product of a variable input are dependent on factor proportions?   20+20=40

3. (a) Define Pareto optimality. Derive the Pareto optimality conditions for consumption and production and the overall Pareto optimality.

   (b) Competitive equilibria are Pareto optimal—Do you agree? Justify.   (5+20)+15=40

4. (a) Distinguish between the value added method and the total expenditure method of measuring national income of a country. Why do the two methods give identical measurement?

   (b) Derive the Keynesian investment multiplier and the Balanced Budget multiplier in a closed economy IS-LM model of macroeconomy.   20+20=40

5. (a) What is meant by involuntary unemployment? Explain this phenomenon in terms of the aggregate demand—aggregate supply diagrams.

   (b) Explain the Golden Rule of Accumulation.   25+15=40

Group-B

6. (a) Distinguish between the doctrine of Absolute advantage and of comparative advantage as the basis of trade between nations.

   (b) How can you derive the two components of gains from international trade? With the help of a diagram, show what will be the gains from trade in the following cases :

       (i) When the factors are immobile across different sectors;

       (ii) When two commodities are consumed in fixed proportion?   (10+10)+(8+12)=40

Please Turn Over

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7. (a) Discuss the impact of income tax on work effort and savings.

   (b) What are the types of public debt? Discuss how the burden of internal debt can be determined.

   (c) Distinguish between a public good and a private good.   20+14+6=40

8. (a) Distinguish between physical definition and price definition of factor abundance.

   (b) State the assumptions behind the factor price equalization theorem. What does the theorem state? Discuss.

   (c) Distinguish between import tariff and import quota.   10+20+10

9. (a) In the two Variable Classical Regression Model, how would you derive R^2? Explain its significance.

   (b) If each value of a variable x is multiplied by 2, what shall be the value of its Arithmetic Mean and Variance?

   (c) What is meant by normal distribution?   18+12+10=40

10. Write notes on (*any two*):   20+20=40

    (a) Expenditure switching policy for BOP management
    (b) Objectives of fiscal policy
    (c) Cournot model of duopoly
    (d) Fiscal Deficit

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