

Time Allowed : 3 Hours

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 the same language.

Answer 5 questions taking at least 2 from each group.

GROUP A

- 1) a. Derive the short run supply curve under perfect competition. (20)
b. Why does a monopoly market have no supply curve? (20)
- 2) a. Diagrammatically, show how corner solutions arise when the indifference curves are linear in shape. (20)
b. State the relationship between average product and marginal product curves of labour and show it diagrammatically. (20)
- 3) Given Mundell Flemming model, find out the effects of the following on an open economy, given there is **perfect capital mobility** and **fixed** exchange rate regime and compare it with the effects of the following for a closed economy.
 - a. Fiscal expansion(20)
 - b. Monetary expansion (20)
- 4) a. Explain how the supply curve changes when
 - i. Per unit tax is imposed on a commodity
 - ii. Advalorem tax is imposed on a commodity (10+10)
b. Distinguish between private costs and benefits and social costs and benefits and suggest ways to do away with this inefficiency. (20)
- 5) a. Show diagrammatically the equivalence of tariffs and quotas under perfectly competitive markets.(20)

b. Refer to the table given below. As per the theory of comparative advantage, which country will specialise in production of which item? Explain. (20)

Labour hours to produce one unit		
Produce Country	Good 1	Good 2
A	100	120
B	90	80

:: 2 ::

CS(U) EC-1/12

GROUP B

- 6) a. State and explain the properties of the disturbance term in Classical Linear Regression Model. (20)
- b. Define
- i) Type 1 error
 - ii) Type 2 error
 - iii) The power of the test
 - iv) Level of significance (5+5+5+5)
- 7) a. Given the following sample data set:
- 6, 12, 9, 7, 8, 4, 3, 12, 15*
- i. Compute the mean.
 - ii. What is the median?
 - iii. What is the mode?
 - iv. Compute the variance. (5+5+5+10)
- b. A fair 12-sided die is rolled. What is the probability that the roll is a 3 given that the roll is odd? (15)
- 8) a) What do you mean by Ricardian Equivalence? (10)
- b) Define the Golden Rule Savings Rate. (10)
- c) What are the three types of growth mentioned in Harrod Domar Model. (10)
- d) How does one differentiate between public goods and private goods? (10)
- 9) a. Distinguish between the value added method, expenditure method and income method of national income accounting. (20)
- b. Define
- i. fiscal deficit
 - ii. primary deficit
 - iii. autonomous transactions in BOP
 - iv. Accommodating transactions in BOP (5+5+5+5)
- 10) a. State and explain the three conditions for pareto optimality. (10+10+10)
- b. What are the first and second fundamental theorems of welfare? (10)
-