

Total No. of Printed Pages—7.

4 SEM TDC ECOH (CBCS) C 8

2024

(May/June)

ECONOMICS

(Core)

Paper : C-8

(Advanced Microeconomics)

Full Marks : 80

Pass Marks : 32

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

1. Choose the correct option/Answer the following : 1×8=8

(a) What is Pareto efficiency?

(2)

- (b) The theory of Second Best was formulated by
- (i) Kaldor and Hicks
 - (ii) Lipsey and Lancaster
 - (iii) Bergson and Samuelson
 - (iv) None of the above
- (c) The profit maximising output level for a monopolist occurs at the point where
- (i) total cost is minimised
 - (ii) total revenue is maximised
 - (iii) total revenue = total cost
 - (iv) the TR and TC curves are parallel
- (d) The kinked demand model was suggested by
- (i) Kaldor
 - (ii) Samuelson
 - (iii) Sweezy
 - (iv) None of the above

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(Continued)

(3)

- (e) A two-person zero-sum game means that the
- (i) sum of losses to one player is equal to the sum of gains to other
 - (ii) sum of losses to one player is not equal to the sum of gains to other
 - (iii) no player gains or loses
 - (iv) None of the above
- (f) Which of the following is not a characteristic of oligopoly market?
- (i) Mutual interdependence
 - (ii) Substantial barrier to entry
 - (iii) No barrier to entry
 - (iv) Relatively small sellers
- (g) Which of the following statements is not true?
- (i) If social costs are higher than private costs, external costs are present.

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(Turn Over)

(4)

- (ii) If a product generates external costs, fewer resources should be devoted to its production.
- (iii) Consumer will buy too much of the product that creates external benefits.
- (iv) In the presence of externalities, resources are not used optimally.
- (h) In case of positive externality, external effect generates
- (i) costs to a third party
 - (ii) benefits to a third party
 - (iii) consumption externality
 - (iv) None of the above
2. Write short notes on any four of the following : 4×4=16
- (a) Excess capacity
 - (b) Sources of monopoly

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(Continued)

(5)

- (c) Cartels
 - (d) Entry deterrence
 - (e) Adverse selection
3. (a) Using production possibility frontier and Edgeworth exchange box diagram, explain the concept of General Equilibrium in a competitive market. 12
- Or
- (b) What is Pareto optimality? State the conditions of Pareto optimality regarding—
- (i) distribution of goods between individuals;
 - (ii) allocation of resources between firms. 4+4+4=12
4. (a) Distinguish between simple monopoly and discriminating monopoly. Show graphically how a discriminating monopoly attains equilibrium. 4+7=11

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(Turn Over)

(6)

Or

- (b) What is price discrimination? Explain and distinguish between the first, the second and the third degree of price discrimination with examples.

2+3+3+3=11

5. (a) What is kinked demand curve? How does it help in explaining price rigidity under oligopoly?

3+8=11

Or

- (b) Explain how equilibrium output and price are determined in Cournot's duopoly model. State the underlying assumptions.

8+3=11

6. (a) Distinguish between cooperative and non-cooperative game. Explain the concept of Nash equilibrium.

11

Or

- (b) Explain the threats, commitments and credibility.

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(Continued)

(7)

7. (a) What is Coase theorem? How can it help to solve the problem of negative externalities? 4+7=11

Or

- (b) What is meant by externalities? Explain the external costs and external benefits with appropriate examples. How does the existence of externalities affect efficient allocation of resources? 3+4+4=11

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4 SEM TDC ECOH (CBCS) C 9

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(May/June)

ECONOMICS

(Core)

Paper : C-9

(Advanced Macroeconomics)

Full Marks : 80

Pass Marks : 32

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

1. Answer the following as directed : $1 \times 8 = 8$

(a) If the slope of the consumption function is equal to 1, then the multiplier will be

(i) zero

(ii) 1

(iii) infinite

(iv) None of the above

(Choose the correct option)

(2)

(b) When is investment said to be optimal?

(c) Which of the following is not true about Harrod-Domar growth model?

(i) Labour and capital are always used in fixed proportions

(ii) Labour and capital are perfect substitutes

(iii) Capital-output and labour-output ratios are constant

(iv) Labour force grows at a proportionate rate

(Choose the correct option)

(d) According to the Solow growth model, a rise in the capital-labour ratio, leads to a fall in output-capital ratio.

(Write True or False)

(e) Mention one objective of monetary policy.

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(Continued)

(3)

(f) Monetary policy is most effective when

(i) IS curve is horizontal

(ii) investment is perfectly interest elastic

(iii) Both (i) and (ii)

(iv) demand for money is perfectly interest elastic

(Choose the correct option)

(g) If fiscal expansion is accommodated by monetary expansion, which of the following must occur?

(i) Output increases

(ii) Interest rate increases

(iii) Both output and interest rate increase

(iv) Interest rate declines

(Choose the correct option)

(h) Mention one criticism about Keynesian economics.

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(Turn Over)

2. Write short notes on any *four* of the following (**within 150 words** each) : $4 \times 4 = 16$

- (a) The consumption puzzle
- (b) The golden rule level of capital
- (c) Technological progress and economic growth
- (d) Targets of monetary policy
- (e) Full wage-price flexibility and its implications

3. (a) Why does the ratio of consumption to accumulated saving decline over time until retirement? What happens to this ratio after retirement? Explain in the light of the life-cycle hypothesis. Does the permanent income hypothesis offer similar conclusion?

$5 + 3 + 3 = 11$

Or

(b) What are the determinants of business fixed investment? Suppose an invention renders much of existing production techniques in a sector of the economy obsolete. What would

happen to the stock prices of firms and to investment in the sector? What does this tell you about 'q' theory?

$5 + 3 + 3 = 11$

4. (a) Why is the Harrod-Domar growth model said to be unstable? What assumptions make the model unstable? What additional assumption can you make so that the model becomes stable? Explain.

$5 + 4 + 3 = 12$

Or

(b) Explain what is meant by a steady state? According to the Solow model, how would the steady state be affected if (i) there is a destruction of a portion of the nation's capital stock in a war, and (ii) there is a permanent increase in the rate of immigration? Explain.

$2 + 5 + 5 = 12$

5. (a) Describe the various policies available to a government to promote economic growth. How does a temporary rise in saving rate affect the steady state position in the Solow growth model?

$8 + 3 = 11$

(6)

Or

2. W

fo

(a

(b

(c

(b) Explain what is meant by endogenous growth theory. How does the production function in an endogenous growth model differ from the production function in the Solow model?
5+7=11

(a

(e

6. (a) Describe the various lags that arise in the pre- and post-implementation period of a macroeconomic policy. Why is the lag of monetary policy usually shorter than that of fiscal policy?
8+3=11

3. (a

Or

(b) In terms of the Ricardian equivalence, explain how tax cuts or increase in transfer payments affect national saving. What are the criticisms against the Ricardian equivalence?
7+4=11

(b

7. (a) How do the Keynesians oppose the notion of full wage-price flexibility? Explain the monetarist counter evolution against the Keynesians.
6+5=11

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(Continued)

(7)

Or

(b) Explain the implications of the rational expectations assumption for the effectiveness of economic stabilization policy. How do the views of the neo-classical economists compare to those of the monetarists concerning the effectiveness of aggregate demand management policies?
7+4=11

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4 SEM TDC ECOH (CBCS) C 10

2024

(May/June)

ECONOMICS

(Core)

Paper : C-10

(Introductory Econometrics)

Full Marks : 80

Pass Marks : 32

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

1. Choose the correct answer : 1×8=8

(a) The probability of Type I error is

(i) degree of freedom

(ii) standard error

(iii) level of significance

(iv) None of the above

(2)

(b) The term 'Regression' was introduced by

(i) Ragnar Frisch

(ii) Sir Francis Galton

(iii) Karl Pearson

(iv) Both (i) and (ii)

(v) None of the above

(c) $E(uu') = ?$

(i) $\sigma_u^2 I$

(ii) $\sigma_u^2 A'$

(iii) I

(iv) None of the above

(d) Dummy variable can

(i) take any value between 0-100

(ii) take any value between 10-100

(iii) only take value 0 and 1

(iv) only take positive values

(3)

(e) Multicollinearity is essentially a

(i) sample phenomenon

(ii) population phenomenon

(iii) Either (i) or (ii)

(iv) Both (i) and (ii)

(v) None of the above

(f) In case of multicollinearity problem

(i) R^2 is high but few t -test ratios are significant

(ii) R^2 is low but t -test ratios are significant

(iii) R^2 is high with high t -test ratio

(iv) R^2 is low with low t -test ratio

(v) None of the above

(g) The coefficient of determination value lies between

(i) -1 and +1

(ii) -1 and 0

(iii) 0 and +1

(iv) None of the above

(4)

(h) ANOVA model consists of

- (i) quantitative explanatory variables
- (ii) qualitative explanatory variables
- (iii) both quantitative and qualitative explanatory variables
- (iv) None of the above

2. Write short notes on any four of the following (**within 150 words** each) : $4 \times 4 = 16$

- (a) Type I and Type II errors
 - (b) R -bar square (\bar{R}^2)
 - (c) Perfect multicollinearity v/s imperfect multicollinearity
 - (d) Errors in variable
 - (e) The stochastic error term
3. (a) What do you mean by econometrics? Distinguish between mathematical economics and econometrics. Explain the nature and scope of econometrics.

$2+4+6=12$

(5)

Or

(b) What is null and positive hypothesis? What are the steps involved in hypothesis testing? Discuss with the help of an example. $4+8=12$

4. (a) "Under the assumptions of the classical linear regression model, the OLS is BLUE." Prove the statement. What is the difference between the stochastic error term and the residual u_i ? $7+4=11$

Or

(b) What is Gauss-Markov theorem? Discuss the main assumptions of the OLS. $3+8=11$

5. (a) Analyse the main consequences of heteroscedasticity. Discuss the remedial measures to remove the problem of heteroscedasticity. $5+6=11$

(6)

Or

(b) Define different methods to detect the problem of heteroscedasticity. 11

6. (a) What do you mean by autocorrelation? Explain the Durbin-Watson test to detect the problem of autocorrelation. Mention few limitations of the Durbin-Watson test. 3+6+2=11

Or

(b) Discuss the main effects of the autocorrelation problem. How do you remove/solve the problem of autocorrelation? Suggest some measures of the problem. 5+6=11

7. (a) Define specification error. Discuss the main types of specification errors. What are the methods to solve the problem of specification error? 2+4+5=11

(7)

Or

(b) What do you mean by errors in variables? Discuss the various tests to detect the problem of specification error. Write two main consequences of omitting relevant variables. 2+5+4=11
