

2016

**ECONOMICS (Honours)**

**[New Syllabus]**

**Paper Code : I-A**

Full Marks : 20

Time : Thirty Minutes

***Important Instructions for OMR Sheet***

1. Write / Fill your Roll number, Registration number and Session in the space provided on the top of the OMR Sheet.
2. Write / Fill your correct Subject Code & Paper Code in the space provided on the top of the OMR sheet (Subject Codes are given on the back of the OMR sheet & Paper Code in the Question Paper.)
3. Each item has four alternative responses marked (A), (B), (C) and (D). You have to darken the circle as indicated below on the correct response against each item.
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6. You have to return the OMR Sheet to the invigilators at the end of the examination compulsorily and must not carry it with you outside the Examination Hall.
7. Use only **Blue/Black Ball point pen**. Use of any mobile phone, calculator or log table etc. in examination hall, is prohibited.

### OMR Sheet-এর জন্য জরুরী নির্দেশাবলী

- ১। OMR Sheet এর নির্দেশিত স্থানে নিজের রোল নম্বর, রেজিস্ট্রেশন নম্বর এবং শিক্ষাবর্ষ (session) লিখতে/পূরণ করতে হবে।
- ২। OMR Sheet এর নির্দেশিত স্থানে সঠিক Subject Code এবং Paper Code লিখতে/পূরণ করতে হবে। OMR Sheet এর পিছনের পাতায় Subject Code গুলি দেওয়া আছে এবং Paper Code টি প্রশ্নপত্রে উল্লেখ আছে।
- ৩। প্রতিটি প্রশ্নে চারটি করে সম্ভাব্য উত্তর, যথাক্রমে (A), (B), (C) এবং (D) করে দেওয়া আছে। পরীক্ষার্থীকে সঠিক উত্তরের গোল ঘরটি নীল/কালো কালিতে পূরণ করতে হবে।
- ৪। সঠিক উত্তর কেবলমাত্র উত্তর পত্র অর্থাৎ OMR Sheet-এর নির্দিষ্ট স্থানে গোল ঘর পূরণ করেই দিতে হবে। অন্য কোনো উপায়ে দেওয়া উত্তরের মূল্যায়ন হবে না।
- ৫। পরীক্ষার্থীর পরিচয় প্রকাশ পাবে এইরূপ কোনো বিশেষ দাগ, ফোন নম্বর, নাম ইত্যাদি OMR Sheet এর কোনো অংশে লেখা যাবে না। কোনোরূপ অবাঞ্ছিত শব্দ লেখা বা দুর্নীতির আশ্রয় নিলে পরীক্ষার্থী নিজেই তার জন্য দায়ী থাকবে।
- ৬। পরীক্ষা শেষে উত্তর পত্র (OMR Sheet) সংশ্লিষ্ট তত্ত্বাবধায়কের নিকট জমা দিয়ে পরীক্ষা কেন্দ্রের বাইরে বেরোতে হবে এবং কোনোভাবেই পরীক্ষা কেন্দ্রের বাইরে OMR Sheet টি আনা যাবে না।
- ৭। শুধুমাত্র নীল/কালো বল পয়েন্ট কলম ব্যবহার করতে হবে। পরীক্ষাকক্ষে মোবাইল ফোন, ক্যালকুলেটর অথবা লগ-টেবিল ইত্যাদি ব্যবহার নিষিদ্ধ।

Answer *all* the questions in OMR sheet.

Choose the correct answer.

Each question carries 2 marks.

1. In case of inferior goods, the income elasticity of demand will be —  
 (A) Positive  
 (B) Zero  
 (C) Unity  
 (D) Negative
2. At the minimum point of the  $AC$  curve, the relation between  $AC$  and  $MC$  is —  
 (A)  $AC < MC$   
 (B)  $AC = MC$   
 (C)  $AC > MC$   
 (D) None of these
3. The value of the elasticity of substitution in case of Cobb-Douglas production function will be —  
 (A) 1  
 (B)  $\infty$   
 (C) 0  
 (D) -1
4. A market which have two firms is known as —  
 (A) Perfect competition  
 (B) Duopoly  
 (C) Oligopoly  
 (D) Monopoly

Turn Over

5. Suppose labour is the only variable factor for a firm under perfect competition in the product market, then the firm's demand curve is its —
- (A) MP Curve  
(B) VMP Curve  
(C) AP Curve  
(D) None of these
6. If the Marginal Rate of Substitution (MRS) between the goods are increasing, the indifference curve will be —
- (A) Convex to the origin  
(B) Straight line  
(C) Concave to the origin  
(D) None of these
7. Suppose the equation of an Engel curve is given by  $Q = y^2$  where  $Q$  is the amount of demand and  $y =$  income, then the value of income elasticity of demand —
- (A) 1  
(B) 0  
(C) -1  
(D) 2
8. The total utility starts diminishing if the marginal utility is —
- (A) Constant  
(B) Negative  
(C) Increasing  
(D) Positive
9. Cardinal utility approach resolves the diamond-water paradox on the basis of —
- (A) Marginal utility  
(B) Average utility  
(C) Total utility  
(D) None of these
10. According to the Law of Variable Proportions, the  $AP$  Curve of the variable factor is inverse  $U$  shaped; the shape of the  $AVC$  curve will be —
- (A) Parallel to the horizontal axis  
(B) Parallel to the vertical axis  
(C) Inverse of the  $AP$  curve  
(D) Like the  $AP$  curve

P - I (1+1+1) H / 16 (N)

2016

**ECONOMICS (Honours)**

**Paper Code : I-B**

**[New Syllabus]**

Full Marks : 80

Time : Three Hours Thirty Minutes

*The figures in the margin indicate full marks.*

**Section - I**

**Short Essay-type Questions**

Answer any *four* questions. 10×4=40

1. Establish the relationship between  $e_p$ ,  $AR$  and  $MR$ . Also explain the significance of this relation. 7+3=10
2. What is MRTS? Prove that the expansion path of the Cobb-Douglas production function is a linear one. 2+8=10
3. Why do we say that perfect competition and decreasing cost is incompatible in the long-run equilibrium? 10
4. What kind of conjecture is likely to produce a kink at the going price in the demand curve facing an oligopolist? 10
5. How would you reconcile the hypothesis that the quantity varies inversely with the price, with the statement that a rise in demand will lead to a rise in price? 10
6. Show that there is no unique supply curve of a monopolist. 10
7. What do you mean by stability of market? Explain the Walrasian and Marshallian conditions for stability of a market. 2+8=10
8. Why the short-run average cost (AC) curve is U-shaped? 10

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**Section - II**

**Essay-type Questions**

Answer any *two* questions. 20×2=40

9. (a) Define PCC curve.  
(b) Derive ordinary demand curve from PCC curve.  
(c) Show that such PCC curve gives us a clue about the price elasticity of demand and cross-elasticity of demand. 4+8+8=20
10. Consider a Cobb-Douglas production show that  
(a) Elasticity of substitution is unity.  
(b) CES production function tends to Cobb-Douglas production function when substitution parameter tends to zero. 10+10=20
11. Do you agree with the following impression regarding the actions of the monopolist? Substantiate your answer with suitable diagrams.  
(a) The monopolist always make profits.  
(b) The monopolist always benefit from a price rise.  
(c) The monopolist produces with the optimum scale of plant at the optimum rate of output. 7+6+7=20
12. (a) What is revealed preference? What are the weak and strong ordering axioms of revealed preference?  
(b) How can you derive demand curve from the axioms of revealed preference? 12+8=20

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2016

**ECONOMICS (Honours)**

[New Syllabus]

Paper Code : II-A

Full Marks : 20

Time : Thirty Minutes

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Answer *all* the questions in OMR sheet.

Choose the correct answer.

Each question carries 2 marks.

1. In the liquidity trap zone, the LM Curve is —
  - (A) downward sloping
  - (B) horizontal straight line
  - (C) vertical straight line
  - (D) upward rising
2. Firms react to unplanned increases in inventories by —
  - (A) increasing consumption
  - (B) increasing planned investment
  - (C) increasing output
  - (D) reducing output
3. At an income of Rs.100,000 I spent Rs.90,000 on consumer good. When my income rose to Rs.200,000, I spent Rs.1,60,000 on consumer good. My marginal propensity to consume (MPC) is —
  - (A) Rs.70,000
  - (B) 0.7
  - (C) 0.8
  - (D) 0.9
4. The Phillips Curve describes the relation between —
  - (A) the unemployment rate and the inflation rate
  - (B) the unemployment rate and tax revenues
  - (C) savings and investment
  - (D) the central budget deficit and trade deficit

5. If the interest rate falls, then the bond prices will —

- (A) remain same
- (B) decrease
- (C) increase
- (D) None of the above

6. Suppose the investment function is  $I = (r, y)$  where  $I_r < 0$  and  $I_y > 0$ , then the IS curve will be —

- (A) vertical
- (B) may or may not be downward sloping
- (C) downward sloping
- (D) upward sloping

7. The Balanced Budget Multiplier in the IS-LM Model —

- (A) is less than one
- (B) can be greater than one
- (C) is one
- (D) none of the above

8. What is the formula of GDP deflator ?

- (A) Real GDP / Nominal GDP
- (B) Nominal GDP / Real GDP
- (C) Nominal GDP + Real GDP
- (D) Nominal GDP – Real GDP

9. What is transfer payment ?

- (A) Payment received without rendering any service
- (B) Total exports by a country in a given year
- (C) Net income from foreign countries
- (D) Payment received after rendering service

10. The Classical Aggregate demand curve is —

- (A) a rectangular hyperbola
- (B) linear
- (C) vertical
- (D) none of the above

P - I (1+1+1) H / 16 (N)

2016

**ECONOMICS (Honours)**

**Paper Code : II-B**

**[New Syllabus]**

Full Marks : 80

Time : Three Hours Thirty Minutes

*The figures in the margin indicate full marks.*

**Section - I**

**Short Essay-type Questions**

Answer any *four* questions. 10×4=40

1. What are the main problems involved in the estimation of GNP? How can they be overcome? 6+4=10
2. Explain the concept of Paradox of Thrift. 10
3. (i) Discuss the economic logic behind the positive slope of LM curve.  
(ii) When can LM curve be vertical? 6+4=10
4. (i) Distinguish between Demand Pull and Cost Push Inflation.  
(ii) Distinguish between MEC and MEI. 5+5=10
5. Do you think Say's Law is consistent with the Quantity theory of Money? 10
6. What is meant by selective credit control? What are its different instruments? 4+6=10
7. What is crowding out effect? Discuss the effectiveness of fiscal policy in IS-LM model. 3+7=10
8. Discuss the concept of 'knife edge' instability problem in the Harrod-Domar Model. 10

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**Section - II**

**Essay-type Questions**

Answer any *two* questions. 20×2=40

9. (i) Explain the concept of 'Ratchet Effect'.  
(ii) How does the Life Cycle Hypothesis reconcile the short run variability and long run constancy of consumption income ratio?  
(iii) What are the limitations of Life Cycle Hypothesis? 5+10+5=20
10. Discuss the effects of cut in money wage rate on the level of income and employment in the Classical and Keynesian Model. 20
11. (i) Define Inflationary Gap.  
(ii) Explain how an inflationary gap in both the commodity and labour markets have been incorporated by Bent Hansen to explain dynamic demand pull inflation? 4+16=20
12. (i) Show that in the Simple Keynesian Model (SKM), stable equilibrium will be obtained only when  $MPC < 1$ .  
(ii) What is 'balanced budget multiplier'?  
(iii) Show that the value of balanced budget multiplier is unity in SKM. Why it is less than one in IS-LM? 8+2+(6+4)=20

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