

B.A (Honours) Examination, 2022
Semester- V (CBCS)
Economics
Course-CC-11
(Indian Economy-I)

Time: 3 Hours

Full Marks: 60

Questions are of value as indicated in the margin

Answer question no.1 or 2, and three from the rest

1. Discuss briefly the major objectives and achievements of different five year plans in India in the post Independence period till 1980. 15

OR

2. Write a note on the changing scenario of education sector in India since Independence. 15
3. Analyse the demographic dynamics in India. Do you think that India will reap the benefits of demographic transition of the age structure in the coming years? 10+5
4. What are the features of health service provision in India? Suggest some suitable policy measures for enhancing equity for access to basic health services in India? 15
5. Describe the trends of income inequality in India in the post liberalization period. What are the major causes of such inequality in India? 10+5
6. What are the major programmes undertaken by the Indian Government to reduce poverty and unemployment? Critically review the success of these programmes. 15
7. Critically evaluate the impact of New Economic Reforms of 1991 on Indian economy. 15
8. Write short notes on any two of the following: 2 X 7.5
- (i). Employment in India
 - (ii). India's assistance from the IMF
 - (iii). Poverty in India

B.A (Honours) Examination- 2022

Semester-V (CBCS)

Economics

Course: CC-12

(Development Economics)

Time 3 hours

Full Marks 60

Questions are of value as indicated in the margin

Question No. 1 is **compulsory**. Attempt **any THREE** from the rest.

Answers should be to the point and brief

1. (a) Why do you think that per capita income should not be accepted as an effective measure of development?
(b) What may be the causes behind dominance of agriculture and petty services in developing countries?
(c) Distinguish between international inequality and global inequality and name the suitable technique to measure such types of inequalities.
(d) How do you make a distinction between labour hour and labourer to argue that labour is not employed in peasant agriculture beyond a point where $MP_L = 0$?
(e) Which institutions do you think are the most important for encouraging investment in developing countries?

3X5=15
 2. Define HDI. Explain how it is constructed? What may be its additional strength and weaknesses as a comparative measure of human welfare?

4+6+5
 3. Describe Kuznets's inverted-U hypothesis. Discuss the conceptual merits and limitations of this hypothesis for contemporary developing countries.

7+8 = 15
 4. What do you understand by the concept of "low-level equilibrium trap"? What are the routes through which an escape from this trap is possible for an economy?

9+6
 5. What is meant by absolute poverty? What is the total poverty gap? How do these measures differ from the UNDP's Human poverty Index (HPI)? Why should we be concerned with the measurement of poverty in developing nations?

3+3+4+5
 6. What is Hirschman's major criticism of the doctrine of balanced growth?

15
 7. Show how the Harris-Todaro model explains the paradoxical relationship of rural-urban migration in the context of rising urban unemployment.

15
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B.A (Hons.) Examination, 2022
Semester V
Economics
Paper: DSE-I
[Economic History of India-(1857-1947)]

Time: 3 Hours

Full Marks: 60

Questions are of value as indicated in the margin
Answer any four questions

1. What considerations by the British led to the adoption of the Permanent Settlement of land revenues for India? Do you think that Permanent Settlement solved the agricultural problems in India? Argue your case. 10+5
 2. What were the major social changes that took place due to the economic transition in India in the 19th century? Was the change beneficial for society in the long run? Argue your case. 10+5
 3. Explain the Old Guarantee System that existed to construct railways in India. In this context, explain the problems of the Old Guarantee system that led to the formulation of the New Guarantee system. Do you think the New Guarantee system was better than the Old One? Explain your case. 5+4+6
 4. What do you understand by the term 'Economic Drain'? In this context, explain the various ways by which India was drained of its resources by the British, both externally as well as internally. How did the British counter the 'drain' theory? 3+8+4
 5. Trace the development of the Iron and Steel Industry in India since the mid-nineteenth century. Discuss the problems that the industry faced during its growth process. 10+5
 6. Explain what you understand by 'discriminating protection. In this context, do you think that discriminating protection helped the Indian industries? Argue your case. 5+10
 7. Examine the role of foreign investment in India's industrialization process during British rule. Do you think this investment helped the Indian economy in the long run? Argue your case. 8+7
 8. Write short notes on the following: - 7+8
 - (i) Peasant indebtedness in India during the 19th century.
 - (ii) Expansion of the cotton industry during the British period
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B.A. (Honours) Examination, 2022
Semester -V (CBCS)
Economics
Course: DSE-I
(Money and Financial Markets)

Time: 3 Hours

Full Marks: 60

Questions are of value as indicated in the margin

Answer any four (04) of the following questions

- [1] State the major functions of money. Write a short note on the evolution of the payment system. What are the compositions of M_1 , M_2 , M_3 and M_4 as standard measures of money supply? [5+5+5]
- [2] What are the types of security traded in the stock market? Discuss the process of deposit creation in the commercial banking system. State the various types of assets? [4+8+3]
- [3] How do you relate the concepts of asymmetric information and moral hazard with the financial market? – Briefly explain. State the various types of financial derivatives with their basic features. What is SLR? [6+8+1]
- [4] Draw a circular flow diagram to show the flows of funds through the financial system. State the structure of financial markets. What are the types of financial intermediaries? [5+4+6]
- [5] What are the determinants of the asset demand? How do you measure risk based on the expected returns? How does bond market operate through demand-supply mechanism? [2+7+6]
- [6] Briefly discuss the economic and social effects of financial liberalization in developing countries. Write a short note on the monetary policy operations of the Reserve Bank of India. [8+7]
- [7] Build up a dynamic model that can measure the uncertainty in financial market. Draw a structure of the financial institutions in India. [12+3]
- [8] Write a short note on the international financial institutions along with their common objectives. How do you measure trade openness? Distinguish between FDI and FII. [9+2+4]

B.A. (Honours) Examination, 2022

Semester-V (CBCS)

Economics

Course – DSE-II(A) (Public Economics)

Time: Three Hours

Full Marks: 60

Questions are of value as indicated at the margin.

Answer any five questions.

1. In a pure exchange economy framework and in the context of 1st and 2nd welfare theorems, why does a conflict between efficiency and equity arise? Can the welfare theorems solve this conflict? In this context, also discuss why does the market fail to work sometimes?
4+5+3
2. What is free riding problem in pure public good (PPG)? In this context, prove that the amount of PPG provided through the voluntary condition model can be pareto efficient allocation if and only if the society is populated by only one person.
3+9
3. What is externality and how this problem can be internalized? How does the Coase theorem solve the problem of externality – discuss with assumptions and suitable diagrams.
3+9
4. Between in-kind and cash transfer which one do you prefer? Give reasons with proper discussions. Does an income transfer via the subsidy programme always benefit the poor?
8+4
5. What is the difference between statutory and economic incidence of taxation? In case of an indirect tax regime, the sharing of tax burden depends on what? Illustrate a monopoly situation to show the changes that might take place due to incidence of a unit tax?
2+3+7
6. Show the following: (a) commodity tax causes excess burden; lump sum tax does not cause excess burden and (c) income tax causes excess burden.
4+4+4
7. Show that to calculate excess burden (EB) we must need a compensated demand curve instead of an ordinary demand curve and hence show that $EB = \frac{1}{2}(\epsilon PQT^2)$ where ϵ is compensated elasticity of demand, T is the tax rate with P & Q being the initial price & quantity respectively.
6+6
8. Write short notes on any two of the following:
(a) Positive externality (b) Cap vs. Trading in controlling pollution (c) Club Good.
6+6

B.A. (Honours) Examination, 2022
Semester-V (CBCS)
Economics
Course: Paper -DSE-2(B)
(Economics of Health and Education)

Time: 3 Hours

Full marks: 60

Questions are of value as indicated in the margin

Question No. 1 is compulsory. Attempt any FOUR from the rest.

1. Answer any **FOUR** from the following. 4X5
 - (a) What are the distinctive features of health as an economic good?
 - (b) Elaborate how Pigouvian mechanism can be used to develop herd immunity in the society.
 - (c) Explain the phenomenon of death spiral in health insurance market.
 - (d) What are the determinants of 'amount of schooling' demanded by an average individual?
 - (e) Discuss social cost versus private cost and social benefit versus private benefit of investment in Education.
 - (f) How does education stimulate rural-urban migration?
2. (a) Use a suitable diagram to explain the concept of Quality Adjusted Life Years (QALY). 4
(b) Using a typical production possibility frontier for health production, show that under no circumstances the consumer would end up with zero health consumption. 6
3. (a) Construct a simple multi-period Grossman model of health demand. 4
(b) In this backdrop, examine why depreciation of health plays an important role in determining the optimal level of health investment. 6
4. (a) What do you understand by state independence in health status in presence of illness and insurance? 3
(b) What is actuarially fair insurance contract? Is it same with the idea of full insurance? 5+2
5. (a) 'Basic education is a catalyst of social change' – Explain with evidence. 4+2+4
(b) Why are literacy campaign needed?
(c) State the condition of female education of India.
6. Write a short note on social exclusion in and through elementary education in West Bengal as revealed in Pratiche Trust Report. 10
7. Enumerate the reasons behind the spectacular transition of Himachal Pradesh from mass illiteracy to near universal elementary education in relatively short period. 10

B.A (Honours) Examination, 2023
Semester- V (CBCS)
Economics
Course-CC-11
(Indian Economy-I)

Time: 3 Hours

Full Marks: 60

Questions are of value as indicated in the margin

Answer question no.1 or 2, and three from the rest

1. Discuss the role of Five year plans in the Indian economy. Do you think that such planning is still necessary for the country? Argue your case 12+3

OR

2. Briefly discuss the major features of New Economic Policy of 1991. What were the main reasons for introducing this policy? 12+3
3. Do you think that the Indian Government has been successful in improving health status of the people? Give reasons for your answer. 15
4. Briefly analyse the changing scenario of education sector in India since independence. 15
5. What do you mean by jobless growth in India? What are the different challenges faced by the Indian labour force? 3+12
6. Explain the reasons behind the high population growth in India. What are the different policy measures taken up by the Government to restrict rapid population growth? 5+10
7. 'The Great Indian poverty debate is ending'. How far do you think the statement is true? Discuss briefly. 15
8. Write short notes on any two of the following: 2 x 7.5=15
- a) Poverty alleviation programmes in India
 - b) Demographic dividend of India
 - c) Inequality in India

B.A (Honours) Examination- 2023
Semester-V (CBCS)
Economics
Course: CC-12
(Development Economics)

Time 3 hours

Full Marks 60

Questions are of value as indicated in the margin
Question No. **1** is compulsory. Attempt **any THREE** from the rest.

Answers should be to the point and brief

1. (a) What is Amartya Sen's "Capability" approach of development?
(b) Describe Kuznets's inverted-U hypothesis.
(c) Distinguish between international inequality and global inequality and name the suitable technique to measure such types of inequalities.
(d) Why is labour employed in peasant agriculture beyond a point where $MP_L = 0$ which is widely argued to be the main cause of existence of disguised unemployment?
(e) Which institutions do you think are the most important for encouraging investment in developing countries?

3X5 = 15
 2. What is the rationale for the UNDP to construct a Human Development Index? Which measure shows more equality among countries around the world—GNI calculated at exchange rates or GNI calculated at purchasing power parity? Explain.

10+5
 3. What are the major reasons for some countries to be rich and others poor?

15
 4. What do you understand by the concept of "low-level equilibrium trap"? What are the routes through which an escape from this trap is possible for an economy?

9+6
 5. What is meant by absolute poverty? What is the total poverty gap? How do these measures differ from the UNDP's Human poverty Index (HPI)? Why should we be concerned with the measurement of poverty in developing nations?

3+3+4+5
 6. How can governments help to reconcile the potential conflict between increasing employment by the use of more labour-intensive techniques and raising the saving for investment?

15
 7. Critically examine the Lewis model of economic development with unlimited supplies of labour.

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B.A (Hons.) Examination, 2023
Semester V
Economics
Paper: DSE-I
[Economic History of India-(1857-1947)]

Time: 3 Hours

Full Marks: 60

Questions are of value as indicated in the margin.
Answer any of the four questions.

1. What do you understand by the term 'Economic Drain'? In this context, explain the various ways by which India was drained of its resources by the British. How did the British counter the 'drain' theory? 3+8+4
 2. Explain the various arts and crafts that existed in the pre-colonial period in India. In this context, explain the process of de-industrialization that took place in India after the advent of the British. 10+5
 3. Explain the debate between investment in railways and investment in irrigation during the British rule in India. Which investment should have got more preference in your opinion? Explain your case. 12+3
 4. Explain the reason behind the implementation of 'Permanent Settlement' in agriculture in India. Was the Permanent Settlement successful in its objectives? Explain your case. 10+5
 5. Explain what you understand by 'discriminating protection'. In this context, do you think that discriminating protection helped the Indian industries? Argue your case. 5+10
 6. Explain the growth of the cotton textile industry in India from the middle of the nineteenth century. In this context, explain the problems faced by the cotton industry during its growth. 10+5
 7. Explain the reasons for the British to follow a free trade policy in India in the early 19th century. Could the British pursue the policy of free trade in India in the long run? Explain your case. 10+5
 8. Write short notes on the following: - 7+8
 - (i) New Guarantee System
 - (ii) Development of the Jute Industry during the British period
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B.A. (Honours) Examination, 2023
Semester -V (CBCS)
Economics
Course: DSE-I
(Money and Financial Markets)

Time: 3 Hours

Full Marks: 60

Questions are of value as indicated in the margin
Answer any four (04) of the following questions

- [1] How do you interpret the dynamics of random shock(s) in the finance market? Briefly state the characteristics of various types of securities traded in the stock market. [9+6]
- [2] Express in detail the structure of the banking system in India. Elucidate the process of credit creation under the commercial banking system. [8+7]
- [3] State the structure of International financial institutions along with their basic objectives. Show that inflow of foreign capital may carry a gainful effect in the host economy. [7+8]
- [4] Are fiscal and monetary policies effective in case of a small-open economy with flexible exchange rate regime?- explain in detail. Write a short note on the socio-economic effects of financial liberalization in developing nations. [9+6]
- [5] Describe the various categories of the financial markets. Explain the process of the flows of funds within the financial system. [8+7]
- [6] Discuss the major functions of Money. What do you mean by the concepts of the Broad money, Fiat money and Commodity money? State the names of the central bank in UK, USA and China. [6+6+3]
- [7] How does the stock market function through demand-supply mechanism? State the various types of financial derivatives and intermediaries. [9+6]
- [8] Briefly discuss the process of monetary policy operations of the Reserve Bank of India. Sketch the structure of the financial institutions in India. [9+6]

Ref. No. VB/EXAM/REG/02/UG/ECO./Sem-V/31816/2023

B.A. (Honours) Examination, 2023
Semester-V (CBCS)
Economics
Course: Paper -DSE-2
(Economics of Health and Education)

Time: 3 Hours

Full marks: 60

Questions are of value as indicated in the margin.
There are two separate groups. You need to answer question from both the groups.

Group- A

1. Attempt **any ONE** of the following questions. 1x12
 - (a) Briefly explain the Beveridge model of health care.
 - (b) Briefly explain the American model of health care.

2. Attempt **any FOUR** from the following questions. 4x7
 - (c) Why the shape of the health production function is unusual?
 - (d) Establish the time trade-off among various components of an individual's requirement following Grossman's health capital model.
 - (e) Provide Grossman's explanation for why people do not stay forever young.
 - (f) Explain the difference between full and fair insurance in health insurance market.
 - (g) Justify the reasons behind Pigouvian subsidy in vaccine market.

Group - B

Attempt **any TWO**

2x10

1. Why education is called a merit good? Explain why should the government of a developing country invest more in school level education than in the tertiary education?
(5+5)
2. How is capability of a person defined? What are the factors that influence the capability of a person? Discuss how education, according to Sen and Dreze, can be valuable to the freedom of a person?
(3+2+5)
3. Distinguish between gender and sex; and caste and class? Why is female education important in the context of development?
(4+6)
4. How is net enrolment ratio (NER) different from gross enrolment ratio (GER)? Discuss briefly the trend in adult literacy rate by gender during 1961 to 2011. In this connection, comment on the trends in gender parity index.
(2+6+2)

B.A. (Honours) Examination, 2023

Semester-V

Economics

Course – DSE-2 (Public Economics)

Time: Three Hours

Full Marks: 60

Questions are of value as indicated at the margin.

Answer any five questions.

1. Using the framework of pure exchange economy, derive the Pareto efficiency condition combining consumption and production and hence state the 1st and 2nd welfare theorems. Why does the Pareto efficiency condition fail in case of market failure?
7+5
2. Define pure public good (PPG) and mention its characteristics. Using a suitable framework, state and prove the Samuelson Condition for optimum provision of PPG.
4+8
3. Show that some pollution is better than no pollution so far as social welfare is concerned. In the presence of negative externality, compare the effects of incidence of tax and subsidy with suitable diagrams.
4+8
4. Prove that, when faced with the production of dirty goods, permit trading is more efficient than capping in abating and controlling pollution to the desired level.
12
5. What is simple utilitarian framework? How does it suitably reallocate income to enhance social welfare? Show that if any of the model's assumptions is violated, the whole framework breaks down.
2+6+4
6. How does an ad-valorem tax differ from a unit tax? Show that in a partial equilibrium framework with perfect competition, the incidence of ad-valorem tax has identical effects, whether it is imposed on either consumer or supplier.
3+9
7. Assume that a good 'X' is provided with an ad-valorem subsidy 's' but the demand of 'X' does not change. Show that it still generates excess burden (EB). Hence prove that $EB = \frac{1}{2}(\eta p q s^2)$ where η is compensated elasticity of demand with p & q being the initial price & quantity respectively.
6+6
8. Explore the relationships between:
(a) Elasticity & tax burden (b) Efficiency & equity (c) Progressive & regressive taxation.
4+6+2

B.A (Honours) Examination, 2024
Semester- V (CBCS)
Economics
Course-CC-11
(Indian Economy-I)

Time: 3 Hours

Full Marks: 60

Questions are of value as indicated in the margin

Answer question no.1 or 2, and three from the rest

1. Discuss briefly the major objectives and achievements of different five year plans in India during the first three decades of Independence. 15

OR

2. What are the different phases of population growth in India. Explain the reasons behind the high population growth in India? 8+7
3. Critically analyse how the New Economic Reforms of 1991 have transformed Indian economy during the last 30 years 15
4. Write a note on the present condition of employment in India. 15
5. Discuss the evolution of the concept of poverty line in India. Will it be correct to say that poverty has been declining steadily in recent years? 10+5
6. Examine the trends of income inequality in India. What are the major causes of inequality in India? 10+5
7. What are the major steps undertaken by the Government of India to improve the education system? Critically review the success of these programmes. 10+5
8. Write short notes on any two of the following: 2 x 7.5=15
- a) National Rural Health Mission
 - b) Universal Basic Income
 - c) Employment generation programmes in India

B.A (Honours) Examination- 2024

Semester-V

Economics

Paper-CC-12

(Development Economics)

Time 3 hours

Full Marks 60

Questions are of value as indicated in the margin

Answer any four questions

1. What are the strengths and weaknesses of HDI as a measure of human welfare?
15
2. Describe Kuznet's inverted-U hypothesis. Discuss the conceptual merits and limitations of this hypothesis for contemporary developing countries.
 $7(1/2)+7(1/2)$
3. What do you understand by the concept of "low-level equilibrium trap"? What are the routes through which an escape from this trap is possible for an economy?
 $9+6=10$
4. What is meant by absolute poverty? What is the total poverty gap? Why should we be concerned with the measurement of poverty in developing nations?
 $4+4+7$
5. What is Hirschman's major criticism of the doctrine of balanced growth?
15
6. Show that the creation of urban employment will not solve the unemployment problem when rural labor crowd in the urban areas in search of better employment opportunities. What policies should be adopted by the government to deal with the problem?
 $10+5$
7. Discuss the conflict between (a) employment and output and (b) employment and savings in the context of the choice of techniques in developing countries. 15
8. Which institutions do you think are the most important for encouraging investment in developing countries? 15

B.A (Hons.) Examination, 2024
Semester V
Economics
Paper: DSE-I
[Economic History of India-(1857-1947)]

Time: 3 Hours

Full Marks: 60

Questions are of value as indicated in the margin.
Answer any of the four questions.

1. Trace the development of the Iron and Steel Industry in India since the mid-nineteenth century. Discuss the problems that the industry faced during its growth process. 10+5
 2. Compare and contrast the Old Guarantee System and the New Guarantee System in the development of Indian Railways in the colonial period in India. In this context, give your opinion on whether the development of railways helped or hurt the Indian economy. 12+3
 3. Examine the role of various foreign investments in India's industrialization process during British rule. Do you think such investments helped the Indian economy in the long run? Argue your case. 10+5
 4. Explain the development of the canal irrigation system during the colonial period in India. Argue whether the canal irrigation developed during the said period was beneficial to the farmers or not. 10+5
 5. Explain the various forms of exploitation of India through trade during the colonial rule. Did such exploitation affect the Indian industries? Explain your case. 10+5
 6. Discuss the commercialization of Indian agriculture in the nineteenth century. What were the economic and social effects of this commercialization? 10+5
 7. Critically examine the arguments to establish the theory of "Economic drain" from India in the second half of the nineteenth century. Explain the British counterargument to this theory. 10+5
 8. Write short notes on the following: - 7+8
 - (i) Decline of handicrafts in India from the middle of the nineteenth century
 - (ii) Development of the Cotton Industry during the British period
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B.A. (Honours) Examination, 2024
Semester -V (CBCS)
Economics
Course: DSE-1
(Money and Financial Markets)

Time: 3 Hours

Full Marks: 60

Questions are of value as indicated in the margin
Answer any four (04) of the following questions

- 1) Define Money with its major functions in an economy. Distinguish between the Broad and Narrow money. State the names of the central bank in BRICS countries. [4+6+5]
- 2) Define Financial Market with its different types. How does the financial system work with the flows of funds? [6+9]
- 3) What is the basic difference between the static and dynamic characteristics of a variable in context of the financial market? Using a suitable dynamic model explain how the stock market witness volatility over time. [4+11]
- 4) Distinguish between the devaluation and depreciation of currencies. Explain the effectiveness of expansionary fiscal and monetary policies in case of a small open economy under floating exchange rate regime. [3+12]
- 5) State the determinants of asset demand. How do you measure the expected return and the risk of a financial asset? [4+11]
- 6) What are the types of securities traded in the market? – explain briefly. Give some examples of financial derivatives and financial intermediaries. Define CRR and SLR. [6+6+3]
- 7) Write a short note on money market operations by the central bank in Indian context. Briefly explain the international financial institutions and their fundamental objectives. [8+7]
- 8) Using a suitable model show that the inflow of foreign capital may carry some gainful effects through the labour market. Write a short note on the credit creation process by the commercial banks. [9+6]

B.A. (Honours) Examination, 2024
Semester – V
Economics
Course – DSE-II(B)
(Political Economy I)

Time: Three Hours

Full Marks: 60

Questions are of value as indicated in the margin.

Answer **any four** questions.

1. Discuss in detail the theory of Dialectical Materialism. 15
2. Discuss the laws and processes of transformation of human society as envisaged by Marx and Engels. 15
3. Discuss in detail the processes of transition of slavery into feudalism and feudalism into capitalism. 6+9=15
4. (a) How did Ricardo show that profits are squeezed between subsistence wages and payment of rent to the landlords in the process of the economy reaching the stationary state?
(b) Why was Malthus considered as the classical pessimist? 10+5 = 15
5. (a) "For Marx economy does not grow forever, the end comes not from a stationary state, but from crises associated with overproduction and social upheaval." Discuss.
(b) Critically evaluate Marx's proposition. 10+5 = 15
6. According to Marx and Engels, Ideology is a negative concept. Explain. 15
7. Discuss about the transformations in the concept of ideology from Marx and Engels to Lenin, Lukacs, Gramsci and Althusser. 15
8. Discuss Karl Popper's major line of criticism of Marxism as "scientific essentialism". 15

B.A. Examination- 2024
Semester –V
Subject: Economics
Paper: Topics in Microeconomics-I (DSE-2-C)

Time: 3 Hours

Maximum Marks: 60

Attempt any three questions

Figures in parenthesis indicate marks

1. (a) Outline the significance of game theory in Economics. (5)
 (b) Distinguish mixed strategy from pure strategy with the help of an example. (5)
 (c) Explain the dominant and dominated strategy with a suitable example. (5)
 (d) What is Nash equilibrium in Game theory? Explain mixed strategy Nash equilibrium with the help of an example. (5)
2. (a) What is Saddle point? Find out the Saddle points for the following game (4+6=10)

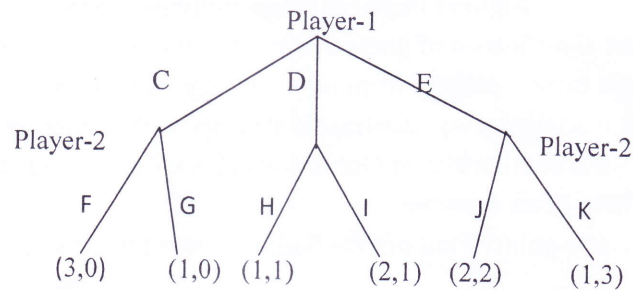
	Strategy of Player-B			
Strategy of Player-A	B1	B2	B3	B4
A1	4	2	5	2
A2	2	1	-1	-20
A3	3	2	4	2
A4	-16	0	16	1

- (b) Outline the differences between simultaneous and sequential move game.
 Convert the following simultaneous game into a sequential game and find out the sub-game perfect Nash equilibrium.

	Strategy of Player -B	
Strategy of Player-A	Left	Right
Top	1,9	1,9
Bottom	0,0	2,1

- (4+6=10)
3. (a) Define asymmetric information. Explain how the market failure is associated with information asymmetry. (2+3=7)
 (b) Using suitable examples, distinguish between the problem of 'moral hazard' and 'adverse selection'. (4+4=8)
 (c) Outline possible ways of tackling the asymmetric information problems as stated in (b). (5)
4. (a) What is contingent consumption plan (CCP)? Explain with an example. (2+3=5)
 (b) Define expected utility of a fair lottery with two outcomes. In this context, define and comment on utility function of a 'risk averse' and 'risk lover' individual (2+8=10)
 (c) Define utility function of an individual in mean-variance space. Comment on the marginal utility (MU) of risk and return of such utility function. (2+3=5)

- 5 (a) Outline the differences between sub-game perfect Nash equilibrium (SPNE) and optimal strategies under backward induction (BI). Does backward induction (BI) necessarily yield SPNE? Justify your answer. (4+6=10)
- (b) Consider the following extensive game and find-out its SPNE? Do you find unique SPNE? (8+2=10)



6. (a) Analyze the optimal choice of risk and return of an investor with a simple portfolio having a risky asset and risk free asset in mean-variance space. (10)
- (b) What is capital asset pricing model (CAPM)? Using the CAPM, derive the security market line (SML) of a portfolio held in equilibrium. (3+7=10)

B.A. (Honours) Examination, 2024

Semester-V

Economics

Course: DSE – 2(A) [Public Economics]

Time: Three Hours

Full Marks: 60

Questions are of value as indicated at the margin.

Answer any five questions.

1. In a framework of pure exchange economy, how do we derive the Edgeworth contract curve in consumption? Is production possibility frontier also a contract curve? Derive the Pareto efficiency conditions combining consumption and production and hence prove the First Fundamental Welfare theorem.
4+2+6
2. Prove the free riding problem in pure public good (PPG) by showing that the amount of PPG provided through the voluntary condition model cannot be Pareto efficient allocation when the society is populated by more than one person.
12
3. Define externality and its characteristics. With suitable diagrams, show that for positive externality, socially optimal production should be greater than private optimal while for negative externality, it is just the opposite.
4+8
4. Under what circumstances, an individual would prefer cash transfer over in-kind transfer? What might force the government to go for in-kind transfer instead of cash transfer as policy prescription?
9+3
5. What do you mean by statutory and economic incidence of taxation and how are those related to elasticities of demand and supply? Illustrate a monopoly situation to show the changes that might take place due to incidence of an ad valorem tax?
4+8
6. What is excess burden of taxation and how is it measured? If the demand for a commodity does not change when it is taxed, does this mean that there is no excess burden?
6+6
7. With a framework of differential taxation on labour inputs, show that whenever a factor is taxed differently in different uses, it leads to a misallocation of factors between sectors and hence generates excess burden.
12
8. Write short notes on:
(a) Coase Theorem and (b) Market Failure.
8+4