

2024

ECONOMICS — HONOURS

Paper : DSE-B-1 and DSE-B-2

The figures in the margin indicate full marks.

*Candidates are required to give their answers in their own words
as far as practicable.*

Paper : DSE-B-1

[Comparative Economic Development (1850-1950)]

Full Marks : 65

Group - A

1. Answer *any ten* questions :

- (a) What is meant by infant industry argument? Name the economist who put forward this idea. 1½+½
- (b) Mention any two causes behind the dramatic success of China in the international economy particularly since 1990. 2
- (c) “Confucian nature of development helped the East Asian Countries to grow.”— Do you agree? 2
- (d) What are the reasons for which poverty reduction in India has been slower than that in China? 2
- (e) Why did the short-term stabilization policies failed in assuring long-run sustainable growth in African countries? 2
- (f) Explain the concept of ‘good’ policy as per Washington consensus. 2
- (g) “Perfect markets are efficient, but markets are only perfect if a series of necessary conditions or prerequisites are met.”— Mention two points in support from the experiences of developing world. 2
- (h) Name the poorest development region of the world. What is its average GDP per capita in PPP US\$? 1+1
- (i) Name four East Asian Newly Industrialized Countries (NIC). ½×4
- (j) Give two examples to show that market reform has made Indian corporate sector more vibrant and competitive. 2
- (k) Mention the period for decay of Feudalism in Japan. Also mention the period when Japan’s economy was in transition. 2
- (l) Do you think that East Asian model can be replicated elsewhere? 2

Please Turn Over

(0488+0489)

- (m) Do you think that market supporting institutions affect poverty reduction in developing countries? 2
- (n) "In its quest for the Liberal World Order, Britain's ultimate weapon was its success based on a free market / free trade system."— Comment. 2
- (o) Give two examples of public-private cooperation, that developed in Sweden during late nineteenth century. 2

Group - B

Answer *any three* questions.

5×3

2. Write a short note on Capitalist Developmental State versus Communist Dictatorship.
3. "There is no unique institutional structure guaranteed to lead the economic growth."— Explain with examples.
4. Do you think that France was an inherently *dirigiste* country as against *laissez-faire* Britain?
5. Write a short note on Human Development Indicators in Sub-Saharan Africa.
6. Briefly discuss about the nature of development crisis in Latin America.

Group - C

Answer *any three* questions.

10×3

7. "Trade Liberalization of the British economy that occurred during the mid-nineteenth century, was a highly controlled affair overseen by the state, and not achieved through a *laissez-faire* approach."—Discuss.
8. Evaluate the role of state-owned enterprises in industry and infrastructure of early modern Japan.
9. "The developed nations highly speak in favour of free-trade, free market economies but in their own development journey they have practised interventionist approach throughout."— Justify the efficacy of the statement.
10. Give a brief account of the level of industrial development, the Russian economy had achieved vis-à-vis the western powers before being engulfed with the war in 1914 and subsequently with the revolution in 1917.
11. Explain the role of governance in economic growth of China and India.

Paper : DSE-B-2
(Financial Economics)

Full Marks : 65

Group - A

1. Answer *any ten* questions :

2×10

- (a) What is a fixed income security? Give an example.
- (b) What is meant by risk aversion principle in investment science?
- (c) Calculate the present value if the annual rate of interest of 8 per cent is compounded quarterly and a cash payment of amount ₹ 1000 is to be received at the end of one year.
- (d) What do you mean by interest rate risk for a bond?
- (e) What do you mean by Market portfolio?
- (f) What is duration of a zero-coupon bond?
- (g) State two differences between future and option contract.
- (h) State Markowitz One Fund Theorem.
- (i) What is the yield curve in interest rate theory?
- (j) What are forward contracts?
- (k) What is Initial Public Offering of a stock?
- (l) What is dividend pay-out ratio?
- (m) What is weighted average cost of capital?
- (n) What is the Security Market Line?
- (o) What do you mean by financial leverage?

Group - B

2. Answer *any three* questions :

- (a) What is the difference between feasible set and Markowitz efficient set for 'n' basic assets with and without shorting of assets? Explain it using a suitable diagram. 4+1
- (b) (i) Define yield to maturity.
- (ii) Consider a bond having a face value of ₹ 100 with annual coupon payment of 10% and it is redeemable at par upon its maturity after 3 years. What will be the market price of this bond if the yield to maturity rises to 11%? 2+3

Please Turn Over

(0488+0489)

- (c) Discuss any two methods of calculating cost of equity capital of a firm. 5
- (d) Discuss the various types of option positions using suitable diagrams. 5
- (e) Explain dividend payment process of corporates. 5

Group - C

Answer *any three* questions.

- 3. (a) Derive the mean and variance of the return of a portfolio given the weights, expected value and variance for returns of 'n' individual assets and covariance between pairs of assets.
- (b) Show how diversification can lead to a reduction of risk of the return of a portfolio if the assets included in the portfolio are mutually uncorrelated with each other. 6+4
- 4. (a) Consider a two-asset portfolio where Asset A has an allocation of 80% and a standard deviation of 16% and Asset B has an allocation of 20% and a standard deviation of 25%. The correlation coefficient between Assets A and B is 0.6. Calculate the portfolio standard deviation.
- (b) Assume that the expected rate of return on the market portfolio is 23% and the risk free is 7%. The standard deviation of the market is 32%. Assume that the market portfolio is efficient, then calculate the equation of the capital market line. What is the significance of the slope of the capital market line? 5+5
- 5. What are the features of an option contract? Explain the factors influencing option prices. 5+5
- 6. Explain any two theories of term structure of interest rates. 5+5
- 7. Write short notes on the following : 5×2
 - (a) Beta of an asset
 - (b) Put-Call parity theorem.