

2023

ECONOMICS — HONOURS

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

[Comparative Economic Development (1850-1950)]

Full Marks : 65

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 :

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|--|-----|
| (a) What does the concept of Laissez-faire imply? | 2 |
| (b) What do you mean by a development strategy? | 2 |
| (c) What is meant by Industrial, Trade and Technology (ITT) policies undertaken by an economy? | 2 |
| (d) 'Regional Economic Decentralization has affected the Chinese and Russian economies differently'.
— Comment. | 2 |
| (e) Name the country which is the single largest manufacturing centre in the world in terms of volume of production. Also name one country which has outperformed the former in terms of value added in this regard. | 1+1 |
| (f) Give two main reasons for the development of USA economy. | 2 |
| (g) Which period is known as the 'Golden Age' in OECD countries? | 2 |
| (h) Mention any two factors on which the Liberal World Order was based during 1870s. | 2 |
| (i) Name the year when, by common agreement among the Japanese, the term viz., 'Japanese Miracle' appeared for the first time. Also, name the book where the term was mentioned first. | 1+1 |
| (j) Name two developed economies of Asia. Also mention the names of two economies in the world which are yet to be designated as the developed ones. | 1+1 |
| (k) Mention any two causes behind the dramatic success of China in the international economy particularly since 1990. | 2 |
| (l) Give any two reasons behind the human development crisis in Sub-Saharan Africa. | 2 |

Please Turn Over

- (m) What was the implication of repeal of Britain's Corn law in 1846? 2
- (n) Mention the indicators of remarkable improvements in social sectors of East Asian economies during post-war economic growths. 2
- (o) For what reason did the Netherlands abolish Patent Law in 1869? 2

Group - B

Answer *any three* questions.

5×3

2. Briefly discuss the achievements of the First Five Year Plan under Stalin in USSR.
3. Make a comparative analysis of India and China on the nature of governance.
4. Differentiate, in brief, the Industrial, Trade and Technology (ITT) policies used in Germany and Sweden.
5. Evaluate the role of state-owned enterprises in industry and infrastructure of early modern Japan.
6. Explain the role of democracy in the economic growth of China and India.

Group - C

Answer *any three* questions.

7. Can USA be designated as the 'Bastion of Modern Protectionism'? Argue in favour of your viewpoint. 10
8. Differentiate, citing examples of economies, between 'Capitalist Developmental State' and 'Communist Dictatorship'. 10
9. Examine the nature of development crisis in Sub-Saharan Africa. Mention briefly two strategies to overcome the crisis. 6+4
10. Make a comparative analysis of India and China on the issues of poverty reduction and inequality in the realm of economic growth. 10
11. Why do we call Japan and other NICs as the East Asian Miracles? Discuss the debates on 'East Asian Miracle' that evolved during the second half of the twentieth century. 3+7

Paper : DSE-B-2
(Financial Economics)

Full Marks : 65

Group - A

1. Answer *any ten* questions :

2×10

- (a) What is a derivative asset? Give an example.
- (b) What do you mean by internal rate of return as used in financial analysis?
- (c) Find the effective interest rate for 8% p.a. compounded quarterly.
- (d) What is the present value of ₹ 5,000 at an interest rate of 10%, to be received at the end of 2 years with continuous compounding?
- (e) If a person borrows ₹ 1,000 at 12% interest rate compounded monthly, calculate monthly payments to be made if the loan is repaid in 5 years.
- (f) What is the difference between spot rate and forward rates of interest?
- (g) What is Capital Market Line?
- (h) What is short selling of a financial asset?
- (i) State Markowitz's Two fund theorem.
- (j) What is the significance of β in the Security Market line as shown in CAPM?
- (k) What is meant by writing an option?
- (l) Who are the participants in options markets?
- (m) What is an optimum dividend policy?
- (n) State the main proposition of the M-M hypothesis.
- (o) What do you mean by redeemable debentures?

Group - B

2. Answer *any three* questions :

- (a) (i) Calculate the current price for a ₹ 1,000 par value bond with 2 years to maturity with an annual interest rate of 5%, making semi annual interest payments and annual yield is 3%. 3+2
- (ii) For a zero coupon bond with yield to Maturity 3%. 5
- (b) Distinguish between call options and put options using suitable diagrams. 5
- (c) What are the different types of traders? Discuss the different hedging strategies used to reduce risks. 2+3

Please Turn Over

- (d) Explain the impact upon the efficient region in Markowitz Model when risky portfolios can be combined with the risk free asset, assuming both borrowing or lending of risk free asset, using suitable diagram. 5
- (e) Explain any two methods of estimating the cost of equity share capital in a company. 5

Group - C

Answer *any three* questions.

3. The correlation ρ between assets A and B is 1 and other data are given in the table below :

Asset	$\bar{r}$	σ
A	10%	15%
B	18%	30%

$$\rho = 1$$

- (a) Find the proportion α of A and $(1 - \alpha)$ of B that define a portfolio of A and B having minimum standard deviation.
- (b) Find the value of this minimum standard deviation.
- (c) What is the expected return of this portfolio? 6+2+2
4. (a) Give the price sensitivity formula for a fixed income security.
- (b) Use this formula to calculate the change in price and the new price of a 30 year at par zero coupon bond with par value 100 and semi annual coupon payment whose yield increases from 10% to 11%. 3+7
5. What is the difference between American and European options? Distinguish between futures and forward contracts with suitable examples. 4+6
6. State Markowitz One fund theorem. Explain the process of finding the single fund in terms of the optimization problem. 2+8
7. Evaluate the following as a source of finance in a company : 5+5
- (a) Equity Shares
- (b) Debentures.
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