TDC (CBCS) Even Semester Exam., September—2021

ECONOMICS

(6th Semester)

Course No. : ECODSE–601T

Full Marks : 70
Pass Marks : 28

Time : 3 hours

The figures in the margin indicate full marks for the questions

Candidates have to answer *either* from Option—A *or* Option—B *or* Option—C

OPTION—A

Course No. : ECODSE–601T (A)

(Applied Econometrics)

SECTION—A

Answer any *twenty* questions :   1×20=20

1. What is econometrics?

2. What is an economic model?

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3. What is an econometric model?

4. What does an 'error term' mean in an econometric model?

5. What is the meaning of parameter in an econometric model?

6. What is the meaning of 'linear regression model' in an econometric analysis?

7. What is 'specification' of an econometric model?

8. Define 'hypothesis' in an empirical econometric research.

9. What is 'mis-specification' problem in an econometric analysis?

10. What is 'omitted variable bias' in case of econometric analysis?

11. What is 'multicollinearity' problem in econometric analysis?

12. What is 'heteroscedasticity' problem in econometric analysis?

13. What is 'autocorrelation' problem in econometric analysis?

14. Write the linear-log functional form.

15. Write the double-log functional form.

16. What is 'average economic regression' used in case of model selection?

17. What are dynamic econometric models?

18. What are distributed lag models in dynamic analysis?

19. What is an autoregressive econometric model?

20. What is an adaptive expectation model?

21. What is simultaneous equation model in econometrics?

22. What are structural parameters in simultaneous equation model?

23. Define identification problem in simultaneous equation model.

24. What is a two-stage least square method in instrumental variable estimation?

25. What is a panel data model in econometric analysis?

26. What is a balanced panel data set?

27. What is a fixed effect model (FEM) in a panel data analysis?

28. What is a random effect model (REM) in panel data analysis?

29. Why is the Hausman test used in panel data model?

30. Mention one advantage of random effect model (REM).

31. What is a two-way fixed effect model?

32. Mention one advantage of panel data model.

33. Mention one utility of using econometric software package.

34. What is e-view software package?

35. Mention one advantage of using e-views software package.

36. What is GENR command in e-views?

37. What is STATA software package?

38. What is the difference between e-views and STATA software packages?

39. How is data imported in e-views software?

40. What is the basic feature of GRETL software?

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SECTION—B

Answer any *five* of the following questions : 2×5=10

41. What is testing of hypothesis in empirical econometric research?

42. What is diagnostic checking in empirical econometric research?

43. What happens when an econometric model is mis-specified?

44. What is Durbin-Watson d-test of autocorrelation?

45. Mention the two types of dynamic econometric models.

46. Mention the consequences of ignoring simultaneity in simultaneous equation system.

47. Mention the limitations of the fixed effect model (FEM).

48. What is the Hausman test in panel data estimation?

49. Mention the features of GRETL software package.

50. How is data imported in STATA 17 software package?

(Turn Over)

SECTION—C

Answer any *five* of the following questions : 8×5=40

51. Explain the steps in empirical econometric research.

52. Explain the steps of hypothesis testing of an econometric model.

53. Write a note on various functional forms used in econometric analysis.

54. How is the problem of multicollinearity detected in econometric model? Mention some measures to solve the problem of multicollinearity. 4+4=8

55. Explain the order condition and rank condition of identification problem. 4+4=8

56. Write a note on instrumental variable estimation and two-stage least square estimation.

57. Write a note on fixed effect model (FEM) of panel data estimation.

58. Write a note on random effect model (REM) of panel data estimation.

59. Write a short note on the main areas in the e-views window.

60. Write a short note on the commands, operators and functions of STATA software. Also write how a result is interpreted in STATA software. 4+4=8

(Continued)

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Course No. : ECODSE–601T (B)

(Financial Accounting)

SECTION—A

Answer any *twenty* questions : 1×20=20

1. What is a fixed payment loan?

2. What is the difference between capital gain and capital loss?

3. What do you mean by rate of return?

4. What do you understand by present value of an asset?

5. Define liquidity of an asset.

6. What is a portfolio?

7. What is deflation?

8. Define real interest rate.

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9. Define cash flow stream.

10. What is arbitrage?

11. Explain risk aversion.

12. What is hedging?

13. What is pure investment?

14. Define short selling.

15. What do you mean by a risk-free asset?

16. Define diversification.

17. What do you mean by capitalisation weights?

18. Define capital market line.

19. What do you understand by price of risk?

20. Define beta of an asset.

21. What are index funds?

22. State the harmony theorem.

23. What is sharpe index?

24. Which financial instrument can be regarded as a substitute for market portfolio?

25. What is an underlying asset?

26. Define a forward.

27. What is a plan vanilla swap?

28. Define spot price.

29. What is a put option?

30. What do you understand by counter-party risk?

31. What is option premium?

32. Define the term 'normal backwardation'.

33. What do you mean by authorized share capital?

(Turn Over)

34. What do you mean by residual claim on income and assets?

35. What is a convertible pond?

36. Why is stock exchange called the secondary market?

37. What do you mean by underwriting?

38. What is Winner's curse?

39. Define venture capital.

40. Explain the concept of book building.

SECTION—B

Answer any *five* of the following questions :   2×5=10

41. What are the determinants of asset demand?

42. What is the difference between market risk and idiosyncratic risk?

(*Continued*)

43. Explain mean return of a portfolio and state its variance.

44. Consider two assets having rates of return 0·12 and 0·15. Their weights in the portfolio are 0·25 and 0·75 respectively. If their variances are 0·20 and 0·18, calculate the mean return and its variance.

45. Explain the central idea of the capital asset pricing model.

46. Give the certainty equivalent form of the capital asset pricing model.

47. What do you understand by marking to market of a future?

48. Distinguish between an American option and a European option.

49. Distinguish between equities and preference shares.

50. What are venture capital funds?

(Turn Over)

SECTION—C

Answer any *five* questions :   8×5=40

51. What are fixed income securities? Discuss the features of fixed income securities that are found in the money market.

52. If the current price of the bond market is above the equilibrium price, explain how this bond market adjusts to equilibrium.

53. Explain the central idea of the Markowitz model.

54. Explain how mean-variance analysis can be used to reduce uncertainty of an investment portfolio.

55. Illustrate the use of CAPM as a pricing model.

56. Show how CAPM can be used to evaluate the performance of an investment portfolio.

57. Discuss the characteristics and limitations of a froward contract.

58. Explain the factors influencing price of an option.

59. Write down the important features of bounds as a source of corporate funds.

60. Discuss the Modigliani-Miller theorem of corporate finding.

OPTION—C

Course No. : ECODSE–601T (C)

(**International Economics**)

SECTION—A

Answer any *twenty* questions :   1×20=20

1. Distinguish between inter-regional and international trades.

2. Give the meaning of absolute cost advantage.

3. What is comparative advantage?

4. Define terms of trade.

5. Define international trade.

6. What is opportunity cost concept in Ricardian theory?

7. State the concept of static gains from trade.

8. State the concept of Gross Barter terms of trade.

9. What is factor endowment?

10. What does factor abundance mean?

11. Write the name of the book written by Bertil Ohlin.

12. What is reciprocal demand?

13. Who has given factor price equalization theorem?

14. Write an assumption of Heckscher-Ohlin model.

15. What is Leontief paradox?

16. State a limitation of Heckscher-Ohlin model.

17. What is export base theory?

18. How many sectors are there in the economy according to export base theory?

19. State Linder's hypothesis of international trade.

(Turn Over)

20. In which year Linder had proposed his hypothesis?

21. State whether Linder hypothesis is demand-based or supply-based theory.

22. Who has given the theory named cumulative causation theory?

23. In which year cumulative causation theory was developed?

24. Define spread effects.

25. What is 'protection'?

26. What is meant by 'Quota'?

27. State the types of 'Quota'.

28. Define protection policy.

29. What is dumping?

30. Explain the concept of infant industry.

(Continued)

31. State the meaning of tariff.

32. What are the advantages of free trade?

33. State the concept of flexible exchange rate.

34. Give any one reason of fluctuation in exchange rate.

35. What is Gold standard?

36. What is supply of foreign exchange?

37. What is spot rate?

38. What is forward rate?

39. What is fixed exchange rate?

40. State mint parity theory.

SECTION—B

Answer any *five* of the following questions : 2×5=10

41. Explain the concept of income terms of trade.

42. What does gains from trade mean?

43. Write any two assumptions of Heckscher-Ohlin theory of international trade.

44. State any two limitations of Heckscher-Ohlin theory of international trade.

45. Name any two modern theories of international trade.

46. Define product cycle theory.

47. What are the main instruments of trade policy?

48. What does trade policy mean?

49. Distinguish between fixed and flexible exchange rates.

50. What does pegged exchange rate mean?

SECTION—C

Answer any *five* of the following questions :   8×5=40

51. Explain the Ricardian theory of comparative cost.

52. Critically explain John Stuart Mill's theory of international trade.

(Continued)

53. Discuss Heckscher-Ohlin theory of international trade.

54. Explain the concept of Leontief paradox.

55. Explain cumulative causation theory of Myrdal.

56. Discuss Linder's theory of representative demand.

57. What is free trade? Explain the arguments for and against of free trade policy.

58. "Trade as an engine of economic growth." Explain the statement.

59. Explain the merits and demerits of flexible exchange rate.

60. Critically examine the purchasing power parity theory.

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