3. Answer *any* **two** questions from the following :

8×2=16

(a) Explain the summary statistics of a logit model estimated by STATA. Interpret the coefficients of one qualitative and one quantitative independent variables of a hypothetical logit model.   5+3

(b) Interpret the estimated results of multiple regression model given below where child mortality rate (cm) is regressed on female literacy rate (flr), per capita income (pcy) and total fertility rate (tfr).

Model Summary

Model	R	R Squares	Adjusted R Square	Std. Error of the Estimate
1	.865[a]	.747	.735	39.13127

a. Predictors: (Constant), tfr, pcy, flr

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	271802.617	3	90600.872	59.168	.000[a]
	Residual	91875.383	60	1531.256		
	Total	363678.000	63			

a. Predictors: (Constant), tfr, pcy, flr

b. Dependent Variable : cm

(Turn Over)

2023

M.A. / M.Sc.

4th Semester Examination

ECONOMICS

PAPER : ECO-403

(Finance)

Full Marks : 40

Time : 2 hours

The figures in the right-hand margin indicate marks.
Candidates are required to give their answers
in their own words as far as practicable.
Illustrate the answers wherever necessary.

Answer from **all** the Groups as directed.

GROUP—A

1. Answer *any* **two** questions from the following :

   2×2=4

   (a) Define Revenue Deficit. What is effective revenue deficit?

(b) What is 'flypaper effect'?

(c) Draw a budget line of an economy in case of an earmarked or specific grant.

(d) How do you differentiate between public goods and club goods?

2. Answer *any* **two** questions from the following :

$4 \times 2 = 8$

(a) Is fiscal deficit a good indicator of public health? Explain.

(b) Write a short note on Ricardian equivalence.

(c) How does an increase in government expenditure create burden on the economy? Explain.

(d) What are the shortcomings of the Domar approach of public debt sustainability? Discuss.

3. Answer *any* **one** question from the following :

$8 \times 1 = 8$

(a) Justify the fiscal federalism based on the theory of optimum provision of club goods.

(b) What are the most effective ways of providing grants to a lower government when the objective is to maximize the consumption of the public goods? Discuss.

GROUP—B

4. Answer *any* **two** questions from the following :
$$2 \times 2 = 4$$

(a) What are the different phases of portfolio management?

(b) Distinguish between capital market line and security market line.

(c) Distinguish between debenture and share.

(d) Distinguish between primary market and secondary market.

5. Answer *any* **two** questions from the following :
$$4 \times 2 = 8$$

(a) Name the two components of total risk of a security? Show with the help of a diagram that diversification reduces risk.   1+3

(Turn Over)

(b) Calculate the Five-Day simple moving average from the following data and interpret the results :   3+1

Days	Closing Prices
1	33
2	35
3	37.05
4	36
5	39
6	40
7	40.5
8	38.5
9	41
10	42
11	44
12	42.5
13	42
14	44
15	45

(Continued)

(c) Discuss debit and credit items in the balance sheet of a company.

(d) Explain the concept of liquidity ratio and profitability ratio in evaluating the financial health of a company.

6. Answer *any* **one** question from the following :

$8 \times 1 = 8$

(a) Diagrammatically explain how an investor chooses her optimal portfolio.

(b) Explain the key components in a Profit and Loss Account of a company.

★ ★ ★