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ECONOMICS

First Paper

Full Marks—200

Time: Three hours

The figures in the margin indicate full marks for the questions.

Answer any five questions.

1. Show the precise difference between Marshallian utility analysis and indifference curve analysis for studying conditions of equilibrium of the consumer. Which of these two do you consider better and why? 25+15=40

2. Examine whether the following statements in relation to a firm are TRUE or FALSE and give reasons for your answer: 10×4=40

- (a) The average variable cost (AVC) remains constant for fairly wide variations in output of firms.
- (b) The long-run supply curve is flatter than the short-run supply curve.
- (c) It is necessary for the long-run equilibrium also to be a short-run equilibrium.
- (d) The long-run average cost curve is made up of the minimum points of the many alternative short-run average cost curves.

Contd.

3. Mention the chief characteristics of monopolistic competition with practical examples. Explain with the help of suitable diagrams the principle of price and output determination in monopolistic competition. $15+25=40$

4. What is Fisher's quantity theory of the value of money? Does the theory give adequate explanation of the forces governing the value of money? Discuss critically. $20+20=40$

5. What is National Income? What are the different methods to calculate National Income? Discuss the difficulties faced in calculating national income with special reference to developing countries. $5+20+15=40$

6. How do you distinguish between a Central Bank and a Commercial Bank? What is the importance of a Central Bank with reference to (a) Commercial Banks and (b) the economy as a whole. $10+15+15=40$

7. Write short notes on any two of the following: $20+20=40$

(a) Construction of Index Numbers and uses.

(b) Liquidity Preference theory of interest

(c) Difference between Risk-bearing and Uncertainty bearing theory of profit.

(d) Giffen Paradox.

(e) Trade cycles and unemployment.