

Total number of printed pages—2

IX-VI-VII-CT.9

ECONOMICS

1998

First Paper

Full Marks—200

Time : Three hours

Answer any five questions

1. Explain with the help of a suitable definition of economics the problems that economics deals with. Also, state in this connection the nature of economic laws.

20+20=40

2. Distinguish between 'total outlay method' and 'proportional method' of measuring price elasticity of demand with the help of an example and account for this distinction

3. Explain the properties of indifference curves. Do you think indifference curves should always be convex to the point of origin?

25+15=40

4. Distinguish between fixed cost and variable cost of a firm. Explain with suitable diagrams how fixed cost and variable cost combine together to form a 'U'—shaped average cost curve.

20+20=40

Contd.

5. Explain how output and price are determined under conditions of perfectly competitive market. Use suitable diagram in your answer. 40

6. Critically discuss the Liquidity Preference theory of interest. 40

7. Write explanatory notes on *any two* of the following: 20+20=40

(a) Stagflation

(b) Index number

(c) Functions of central bank

(d) Trace cycle.