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ECONOMICS

FIRST PAPER

Full Marks : 200

Time : 3 hours

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

Answer any **five** questions

1. State the 'Law of Demand'. Enumerate the factors that govern the law. Explain its limitations. 5+15+20=40
2. Establish the relation between average cost and marginal cost. Why is average cost curve of a firm U-shaped in the short-run? How is the curve derived in the case of an industry? 15+15+10=40
3. Distinguish between market price and normal price. Explain how the price of a commodity is determined in a competitive market. 10+30=40
4. What do you mean by real wage? How does it differ from money wage? Does a general cut in wage rate tend to increase employment in the economy? 5+15+20=40

8/X—1200/21

(Turn Over)

5. Distinguish between 'differential rent' and 'scarcity rent'. Critically evaluate the Ricardian theory of Rent. 10+30=40
6. Discuss the various methods of computation of National Income of a country. Point out the difference between Net National Income (NNI) at factor costs and Net National Income (NNI) at market prices. What are the difficulties in computation of National Income? 10+20+10=40
7. Discuss the various phases of trade cycle. Explain the monetary causes of trade cycle. Suggest measures to counteract trade cycle. 15+10+15=40
8. Explain the Quantity Theory of Money. What are its limitations? How is cash balance approach to Quantity theory considered an improvement? 15+5+20=40
9. What is galloping inflation? Distinguish between demand-pull and cost-pull inflation. What non-economic measures do you like to suggest to contain inflation? 10+10+20=40

10. Write short notes on any *two* of the following :

20×2=40

- (a) Credit Control Instruments of a Central Bank
- (b) Difference between the Laws of Returns and Laws of Variable Proportions
- (c) Cost of Living Index Numbers
- (d) External Economics of Scale
- (e) Objectives of Monetary Policy
