

This question paper contains 4 printed pages]

Code No. : 08(I)

Roll No.

0(CCEM)9

ECONOMICS

Paper : I

Time Allowed : 3 hours]

[Maximum Marks : 300

Note : (i) Answers must be written in English.

(ii) Number of marks carried by each question are indicated at the end of the question.

(iii) Part/Parts of the same question must be answered together and should not be interposed between answers to other questions.

(iv) The answer to each question or part thereof should begin on a fresh page.

(v) Your answers should be precise and coherent.

(vi) Candidate should attempt Question No. 1 & 5 which are compulsory and any three out of the remaining questions, selecting at least one question from each Section.

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SECTION – A

1. Answer any *three* in 200 words :

- (a) Differentiate between GDP and GNP, which do you think is a better measure of performance of a developing country and why ? 20
 - (b) Equality of marginal revenue and marginal cost is an essential but not a sufficient condition for equilibrium of a firm under perfect competition. Discuss. 20
 - (c) Define consumption function and discuss the role of consumption in the determination of income and employment. 20
 - (d) Differentiate between impact and incidence and discuss the factors that determine incidence of a tax. 20
2. Define product differentiation and discuss its importance for a firm under monopolistic competition. 60
3. Explain why the marginal rate of substitution between two goods must be equal to the ratio of prices of the goods for a consumer to achieve maximum satisfaction. 60

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4. What are selective credit controls ? Discuss their advantages in developing countries in enabling a more effective monetary management by the Central Bank. 60

SECTION - B

5. Answer any *three* of the following in about 200 words each :
- (a) Discuss the objectives of credit control in developing countries. 20
 - (b) In what respects are development banks different from Commercial Banks ? Examine briefly their role in providing finance for development. 20
 - (c) Differentiate between proportional and progressive taxes. Which of these are considered more equitable in developing countries ? 20
 - (d) Explain the statement "trade is an engine of growth." How far is it true in the contemporary world ? 20
6. What is contracyclical fiscal policy ? Discuss its effectiveness during a period of recession in the economy. 60

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7. What do you understand by floating exchange rates and how are they more effective than fixed exchange rates in bringing about adjustments in the exchange rate ? 60
8. In what respects is WTO different from GATT and what are its objectives and functions ? 60

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