

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.*

P. T. O.

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

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

- 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