## 1[CCE.M]1

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### Economics–I

### (08)

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Time : Three Hours                                      Maximum Marks : 300

### <u>INSTRUCTIONS</u>

(i)     Answers must be written in English.

(ii)    The number of marks carried by each question is indicated at the end of the question.

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

(iv)    Your answers should be precise and coherent.

(v)     The part/parts of the same question must be answered together and should not be interposed between answers to other questions.

(vi)    Candidates should attempt question nos. **1** and **5** which are compulsory and any **three** more out of the remaining questions, selecting at least **one** question from each section.

(vii)   If you encounter any typographical error, please read it as it appears in the text book.

(viii)  Candidates are in their own interest advised to go through the General Instructions on the back side of the title page of the Answer Script for strict adherence.

(ix) No continuation sheets shall be provided to any candidate under any circumstances.

(x) Candidates shall put a cross (X) on blank pages of Answer Script.

(xi) No blank page be left in between answer to various questions.

## SECTION–A

1. Answer any **three** in 200 words :

    (i) Distinguish between NNP at factor cost and NNP at market prices.

    (ii) What is Price elasticity of demand ? How do we measure it on Linear Demand Curve ?

    (iii) What are selling costs ? How do they influence equilibrium of a firm under monopolistic competition ?

    (iv) What is MPC ? How is it related to multiplier ?     25×3=75

2. How does a multi product firm achieve optimum combination of products to maximize its revenue ?                                        50

3. What is Marginal Efficiency of Capital ? How is it determined ? Briefly describe the factors that cause shifts in MEC.          50

4. Explain Harrod-Domar model of economic growth. In what respects does this model represent a departure from the Keynesian theory of income and employment ?                                        50

## SECTION–B

5. Answer any **three** in 200 words :

    (i) Discuss the essentials of sound banking system.

    (ii) Write a short note on International Bank for Reconstruction and Development.

    (iii) Why there has been greater reliance on indirect taxes in Indian tax structure ?

    (iv) Briefly describe non monetary measures to solve the problem of disequilibrium in the balance of payments.          25×3=75

6. What are the methods of Selective Credit Control ? How do they operate and with what success ?                                        50

7. What do you mean by Foreign Exchange Rate ? State its various types. Explain how foreign exchange rate is determined under inconvertible paper currencies.                                        50

8. What is Fiscal Policy ? Describe the main fiscal instruments which Government uses to achieve economic stability.          50