

CSM—24/24

PART—II/PAPER—VI

ECONOMICS

PAPER—I

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Time : 3 Hours

Full Marks : 250

The question paper contains 18 (Eighteen) questions in GROUP—A, (12) and GROUP—B, (06) together.

GROUP—A

Candidates to attempt 10 (ten) questions within word limit of 250.

Each question carries 15 marks.

1. The Phillips curve gives the relationship between inflation and unemployment. Will there be fluctuations in unemployment, if the Central Bank keeps the inflation rate equal to the target inflation rate?
2. Do you think that Gross Barter Terms of Trade is the best measure? Justify.
3. Briefly state the Marginal Productivity Theory. What are the criticisms against the Statement of the Marginal Productivity Theory?
4. Discuss the difference between demand-pull inflation and cost-push inflation.
5. Why are market values used to measure the GDP of a nation? Explain the limitations of using market measure of GDP or GNP.

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6. From your understanding, explain the determination of equilibrium output and equilibrium price level in the economy. Show the effect of an aggregate demand shock on equilibrium output and the price level using the classical quantity equation. Use a suitable diagram.
7. What is indicative planning? Why is it important for both the State and markets to play major roles in economic development? Elaborate.
8. Define consumer surplus and producer surplus. Explain social welfare and the deadweight loss in the economy. Use a suitable diagram.
9. Evaluate the statement that a labour-abundant country exports labour-intensive commodities and imports capital-intensive commodities.
10. Explain the types of propensities to consume (APC and MPC). Explain the determination of equilibrium level of income (Y) in an economy. Use a suitable diagram.
11. Explain the basic features of the Harrod's growth-model. Elaborate on the interaction between the accelerator and the multiplier that could lead to unmatched growth.
12. What is 'Crowding-Out Effect'? Explain the factors that affect the debt-GDP ratio of a country. How do inflation and budget surplus affect the debt-GDP ratio of a country?

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GROUP—B

Candidates to attempt **05 (five)** questions within word limit of **300**.

Each question carries **20** marks.

13. What constitutes the main components of the Balance of Payments (BOP) of a nation? Explain the factors that could affect the exchange rate. How could we prevent depreciation in the exchange rate?

14. "Developing countries face deficit in current account but surplus in capital account." Evaluate the statement.
15. Is FDI (Foreign Direct Investment) critical for economic growth? What is the rationale for FDI decisions made by multinational corporations (MNCs)? Discuss the disadvantages of FDI to a country.
16. Discuss the limitations of Ricardo's theory of comparative advantage, which have been overcome by the Heckscher-Ohlin theory.
17. State the major objectives of monetary policy. Compare the instruments of monetary policy with respect to the cost of credit or supply of money.
18. Define high-powered money. Is the effect of monetary policy different from the effect of fiscal policy as a stabilization tool? What happens to the equilibrium rate of interest with a decrease in the money supply?

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