ARUNACHAL PRADESH PUBLIC SERVICE COMMISSION

Subject: Economics

Time: **3**(Three)Hours

Full Marks:**100**

(Group- A is compulsory, Attempt any Four Questions from Group -B)

Group- A
(Compulsory group)

Q.No.1.Write short notes on any 10 (Ten) of the following:　　　　**(10X2=20)**

- a. Absolute Advantage
- b. Capital Inflow
- c. Crowding Out
- d. Demand Curve
- e. Disinflation
- f. Equilibrium
- g. Fiat Money
- h. Growth Accounting
- i. Import Quota
- j. Interest Rate
- k. Market Basket
- l. Open Economy

Group- B
(Attempt any four)

Q.No.2 Attempt any 4(Four) of the following:　　　　**(4X5=20)**

- a. Distinguish between microeconomics and macroeconomics.
- b. State the various components of the Income Method that are used to calculate National income.
- c. Law of Variable Proportions.
- d. Baumol's Sales Revenue Maximisation Model.
- e. Explain various methods of Demand Forecasting.
- f. Kinked Demand Curve.

Q.No.3 Attempt any 4(Four) of the following: **(4X5=20)**

   a. Descriptive Economics
   b. Managerial Utility
   c. Derived Demand
   d. Cross elasticity
   e. Describe Opportunity Cost
   f. Explain various Profit theories? What is a criteria for standard profit?

Q.No.4 Attempt any 4(Four) of the following: **(4X5=20)**

   a. What is the theory of firm? What assumptions are made by the economists under the theory of firm?
   b. What is inflation? Discuss the role of fiscal and monetary policies for controlling inflation.
   c. Show diagrammatically how price and output levels are determined in the perfect markets.
   d. What is elasticity of demand? Write the managerial decisions which require the elasticity of demand.
   e. What is meant by cash reserve ratio? How does it increase the money supply in the economy?

Q.No.5 Attempt any 4(Four) of the following: **(4X5=20)**

   a. What is Production Function? In what way Production Function is useful for business decisions?
   b. What is Suboptimisation? Describe how optimisation models are developed.
   c. Critically examine the Malthusian Theory of Population.
   d. How price is determined under Monopoly?
   e. What is National Income? How it is measured?

Q.No.6. Write the various economies of scale. Show how optimum size of a firm is arrived.

(20)

Q.No.7. A consumer consumes only two goods. Explain the conditions that need to be satisfied for the consumer to be in equilibrium under indifference curve analysis.

(20)

Q.No.8. Identify and explain the types of taxes proposed by the Finance Minister. Was the objective only to earn revenue for the government? What possible welfare objectives could the Government be considering? **(20)**