

SEAL

300078

**F/I/R/M EXAMS
2020**

ECONOMICS

Time : 3 hours]

[Full Marks : 100

Notes : (i) Answer any **five** questions.

(ii) The figures in the right-hand margin indicate full marks for the questions.

1. (a) What are the features of perfect competition? 10
(b) How is price determined in the market? 5
(c) Distinguish between return to scale and return to a factor. 5
2. (a) How does Keynes determine the aggregate income? Show the difference between Keynesian and classical determinants of aggregate income. 12
(b) Show how the rate of interest is determined in the classical model. Identify the major shortcomings of classical theory of interest. 8
3. (a) What is Marginal Efficiency of Capital (MEC)? How does Keynes use MEC to determine the investment? 5
(b) Distinguish between autonomous and induced investment. Give examples of both. 3
(c) What is the acceleration principle? How does interaction between multiplier and accelerator cause trade cycles? 12
4. (a) Describe the causes of inflation. How does inflation affect production and distribution of income? 12
(b) Distinguish between ability to pay and benefit approaches of taxation. Which one is preferable? Provide the rationale of your answer. 5
(c) What is the difference between revenue expenditure and capital expenditure? Give examples. 3
5. (a) Describe Ricardo's comparative advantage theory of international trade. 8
(b) Highlight the different concepts of terms of trade. 4
(c) How does balance of trade differ from Balance of Payments (BP)? Give a short description of the main accounts of the BP. 8

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6. (a) Distinguish between (i) economic growth and economic development, (ii) balanced growth and unbalanced growth. 4
- (b) What are the main obstacles to economic development? 6
- (c) Discuss the important components of Human Capital (HC). How is HC formed? 10
7. (a) Define Arithmetic Mean (AM), Geometric Mean (GM) and Harmonic Mean (HM). Given two numbers 5 and 20, find out their AM, GM and HM. 4
- (b) What is Standard Deviation (SD)? Find out the SD of 1, 2, 3, 4, 5. 4
- (c) What is an index number? Price and quantity of sale of a few goods for 2010 and 2017 are as follows : 12

	2010		2017	
	Price (₹)	Sale (in quintal)	Price (₹)	Sale (in quintal)
1. Rice	40	51	42	55
2. Pulses	95	14	104	16
3. Fish	150	2	175	3

Construct Laspeyres' price index.

8. (a) Highlight the basic features of the Indian economy. How can the growth of the Indian economy be raised? 10
- (b) Provide a growth profile of State Domestic Product (SDP) of Arunachal Pradesh. Why is the growth of population in Arunachal Pradesh high? Suggest some policy measures to reduce the growth rate of population in the State. 10