CSM – 22/21
Economics
Paper – I

Time : 3 hours

Full Marks : 300

The figures in the right-hand margin indicate marks.

Candidates should attempt Q. No. 1 from
Section – A and Q. No. 5 from Section – B
which are compulsory and any **three** of
the remaining questions, selecting
at least **one** from each Section.

SECTION – A

1. Answer any **three** of the following :   20×3 = 60

   (a) What is monopolistic competition ? Explain the various features of monopolistic competition.

   (b) How would you construct a Lawrence curve and calculate the Gini ratio for measurement of income in new quality ?

(c) Explain Adam Smith's theory of Absolute Cost Advantage and bring out its defects.

(d) Explain the fiscal and monetary policies of economic stabilisation. Write a comparative analysis of their effectiveness in developed and developing economy.

2. Distinguish between strong-ordering and weak ordering drink ordering form of preference hypothesis.   60

3. Discuss the concept of liquidity trap in the liquidity preference model of interest.   60

4. Describe, in brief, the factors that lead to the establishment of Reserve Bank of India in the country.   60

SECTION – B

5. Answer any **three** of the following :   20×3 = 60

(a) State how foreign capital contributes to economic growth in India.

(b) Explain the Harrod-Domar theory of growth.

(c) Analyse the David Ricardo's theory of comparative advantage.

(d) Differentiate between complete, partial and zero crowding out effect of given increase in government expenditure in an economy ?

6. Explain the Heckscher-Ohlin model.   60

7. Describe the Keynesian theory of employment and income determination.   60

8. How do depreciation and appreciation in the external value of a currency impact a country's balance of payments ?   60

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