

COMBINED COMPETITIVE EXAMINATION (MAIN)

ECONOMICS

Paper-I

Time : 3 Hours

Full Marks : 200

- Note :* (1) The figures in the right-hand margin indicate full marks for the questions.
(2) Attempt five questions in all.
(3) Question No. 1 is compulsory.

1. Answer any *ten* questions from the following : 4×10=40
- What is perfect competition?
 - Define capital-output ratio.
 - How is inflation caused?
 - Discuss Say's law of market.
 - Distinguish between nominal and real interest rates.
 - What are subsidies? Give some examples.
 - What is human development?
 - Why does balance of payments always balance?
 - What are the main functions of WTO?
 - How does economic development differ from economic growth?
 - Identify the factors determining the savings to income ratio.
 - What does the basic needs approach want to achieve?
2. Answer any *eight* questions from the following : 5×8=40
- What are the important features of monopoly?
 - How does the quantity theory of money determine the price level?

- (c) What is the difference between gross barter and net barter terms of trade?
- (d) Distinguish between real and nominal national income.
- (e) What is crowding-out effect?
- (f) Identify the characteristics of offer curves.
- (g) What is an open economy?
- (h) Provide some features of wage-goods.
- (i) How is economic growth measured?
- (j) Distinguish between the warranted and natural growth rates of Harrod.

3. Answer any *five* questions from the following : 8×5=40

- (a) How does Marshall determine the price of a good?
- (b) What are the important functions of money?
- (c) What is planning? Discuss its role in economic growth.
- (d) How does Keynes explain underemployment equilibrium?
- (e) Describe the important goals of monetary policy.
- (f) What are the features of strategic trade theory?
- (g) Highlight the important functions of IMF.

4. Answer any *four* questions from the following : 10×4=40

- (a) How is deficit in the balance of payments adjusted under the fixed exchange rate?
- (b) Describe the factors determining the demand for money.
- (c) Show the relation between economic growth and technological progress.
- (d) Discuss the stabilisation function of public finance.
- (e) How can multinational companies promote economic growth in the developing countries?

5. Answer any *two* questions from the following : 20×2=40

- (a) Describe how price is determined in monopoly. What is the relationship between price revenue and marginal revenue in such a market?
- (b) What is high-powered money? Show the determination of money supply by high-powered money.
- (c) Describe the structure of capital market.

6. Answer any *four* questions from the following : 10×4=40
- (a) Describe the determination of income in Keynesian model.
 - (b) What are the features of non-bank financial intermediaries?
 - (c) Describe product life-cycle theory of trade.
 - (d) How is exchange rate adjusted when there is free capital mobility?
 - (e) Can the levels of living in the developing and developed countries converge? Give the rationale of your answer.
7. Answer any *two* questions from the following : 20×2=40
- (a) Describe how rate of interest is determined in classical and Keynesian models.
 - (b) Highlight the features of the comparative advantage theory of international trade.
 - (c) Show how the occupational composition changes in course of economic development.
8. Describe the changes in sectoral composition of income and changes in the rate of savings and investment occurring in a growing economy. 40
9. What are the types of government budget deficit? Discuss the important effects of budget deficits on income, employment and price level. 40
10. Distinguish between physical and human capital. How are these forms of capital accumulated? Show their relative importance in the process of economic growth. 40

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