2024

LAW

Economics-I

Paper - 103

(NEW SYLLABUS)

Full Marks : 80 Time : 3 Hours

The figures in the right-hand margin indicate marks.

Candidates are required to give answers in their own words as far as practicable.

Answer **Q. No. 1** and any **five** from the rest.

1. Answer any **ten** questions: 2×10=20

 a) What is an indifference curve?

 b) Define consumers' surplus.

 c) Why is cross price elasticity of demand positive for substitutes commodities?

 d) Explain any two exceptions to the Law of Demand.

 e) Define GDP and NDP.

 f) What are the different forms of money?

 g) State the Law of Equi-Marginal Utility.

 h) What is fiscal deficit?

[Turn over]

i) What is the difference in the equilibrium condition of a monopolist and a perfectly competitive firm?

j) State any two unique features of monopoly.

k) How is supply of money related to inflation?

l) State the difference between direct tax and indirect tax.

2. State any three important properties of an indifference curve. Why does a budget constraint have negative slope? With the help of a suitable diagram of indifference map and budget constraint, discuss how a consumer reaches his equilibrium level of consumption. 3+2+7=12

3. What is income elasticity of demand? Describe the concepts of normal and inferior goods. With the help of income effect and substitution effect, explain why Giffen goods don't follow the Law of Demand. 2+4+6=12

4. Why does an individual firm in this market face a horizontal demand curve in perfect competition? How does such a firm arrive at equilibrium in short and long run? Discuss stating clearly the condition of equilibrium in each case. 3+(5+4)=12

5. Define BOP. What are the components of BOP? Distinguish between a current account and a capital account in context of BOP. Discuss some remedial measures to correct the deficits in the external sector of a country. 2+3+2+5=12

6. Why is inflation called 'An Evil Phenomenon' in an economy? How are cost-push and demand-pull inflation different? What are the general anti-inflationary measures taken by the central government or the central bank to curb inflation? 2+4+6=12

7. Define M_1, M_2, M_3 and M_4. What are the major functions of a commercial bank? Discuss the process of credit creation. 2+5+5=12

8. With suitable diagram explain the concept of Circular Flow of Income in an economy. What is Personal Disposable Income? Explain how you can get Personal Disposable Income from Gross Domestic Product. 6+2+4=12

9. What is incidence of taxation? What are the major sources of government revenue? Discuss the advantages and disadvantages of deficit financing used to pay debt. 3+2+7=12
