2022

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 **question no. 1** and any **five** from the rest.

1. Answer any **ten** questions: $2\times10=20$

   i) What is an indifference curve?

   ii) Define terms of trade.

   iii) Why is cross price elasticity of demand positive for substitute commodities?

   iv) Explain any two situations where the Law of Demand may not hold.

   v) Defferentiate between GDP and GNP.

   vi) Define money. What are its different forms?

   vii) State the Law of Equi-Marginal Utility.

   viii) When and why was GATT formed?

   ix) Define BOP.

[Turn over]

x) State any two unique features of monopoly.

xi) How is supply of money related to inflation?

xii) 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 face a horizontal demand curve in perfect competition? Why does such a firm always enjoy only normal profit in the long run? Discuss the concept of consumer surplus. 3+6+3=12

5. What are the major assumptions of a monopoly market? How are these different from that of perfect competition? Illustrate the practice of price discrimination in a monopoly market.

4+3+5=12

6. Discuss the differences between cost-push and demand-pull inflation. What steps are generally taken by the central bank in curbing inflation in an economy? What are the major uses of money?

4+4+4=12

7. What are the major functions of a commercial bank? Briefly discuss the functions of The International Monetary Fund. State any two functions of the World Trade Organization.

5+5+2=12

8. Give a brief account of the major components of BOP. Why is provision of free trade advocated by some economists? What remedial measures are generally taken by a developing nation to reduce the external sector deficit? 2+6+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
