# 2023

# 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: 2×10=20

   a) State any two exceptions to the Law of Demand.

   b) Why is an indifference curve negatively sloped?

   c) Why is income elasticity of demand negative for inferior goods?

   d) Why is total utility always non-negative while marginal utility can be negative?

   e) What is a Giffen good?

   f) Define terms of trade.

   g) Differentiate between GNP and GDP.

h) Briefly discuss any two major functions of money.

i) What is inflation?

j) State any two functions of WTO.

k) What are the major components of government budget?

l) State any two remedies for reducing deficit in external sector of an economy.

2. What is point elasticity of demand? Mention two major factors that influence elasticity of demand? Describe that how we can distinguish between normal and inferior goods with help of income effect and substitution effects. 2+2+8=12

3. Why is a budget line negatively sloped? Describe the attainment of the consumer equilibrium with a suitable diagram of budget constraint and indifference map. State the major properties of an indifference curve. 2+6+4=12

4. What are the major assumptions of a monopoly market? Why a monopolist doesn't have a supply curve? Explain the concept of price discrimination often practised in a monopoly market.

4+4+4=12

5. What are the major assumptions of perfect competition? Why does an individual firm in this

market face a horizontal demand curve? Describe how a firm in perfect competition reaches the state of normal profit in the long run even if it enjoys supernormal profit in short run. 4+3+5=12

6. What is money? Discuss the differences between cost-push and demand-pull inflation. Illustrate major anti-inflationary measures that can be adopted to curb demand-pull inflation.

3+6+3=12

7. What are the major functions of a central bank? What are the major differences in the functions of The World Bank and The International Monetary Fund? 6+6=12

8. What is Terms of Trade? With a suitable example explain the concept of Comparative Cost theory of international trade. Mention the major components of BOP. 2+6+4=12

9. What are the major revenue sources of any government? What is meant by incidence of taxation? Explain with a suitable example how the burden of indirect taxes is shifted to the consumers.

3+2+7=12

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