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 **three** of the remaining questions, selecting at least **one** from each Section.*

Section – A

1. Answer any **three** of the following in about **200** words each :   20×3 = 60

   (a) Marginal productivity theory neglects the supply side factors. Critically examine.

   (b) State and explain Pareto optimality criterion. How far it is useful in suggesting policies that will make the community better off ?

(c) Why is underemployment equilibrium possible in Keynesian economics, but not possible in classical economics ? Give reasons.

(d) Explain the modern theory of factor endowments.

2. What are the drawbacks of monopolies and limited competition ? Explain why there is need for regulation of monopolies and oligopolies with limited competition. 60

3. The theory of unlimited supplies of labour explain that the structural changes in agricultural economy lead to create a modern industrial economy. Discuss. 60

4. (i) Analyse the reasons for prescribing statutory minimum Cash-Deposit ratio and liquidity ratio for commercial banks.

(ii) The essence of central banking is discretionary control of monetary system. Explain.

Section – B

5. Answer any **three** of the following in about **200** words each : 20×3 = 60

(a) Under what circumstance 'open market operation' would be most effective tool in controlling inflation ?

(b) What do you mean by economic development ? What are the desired structural changes required for achieving the goal of economic development ?

(c) "International Trade is an engine of growth". Explain the statement.

(d) Differentiate between the complete and partial crowding out effect of a given increase in government expenditure in an economy.

6. Discuss the factors responsible for increasing government expenditure along with the importance and effects of public expenditure in developing economy. 60

7. Discuss the economic growth model of J. E. Meade. Explain the importance of technology in this growth. 60

8. Examine the role played by I. M. F. in the settlement of the balance of payment and examine the impact of the WTO on Indian Agriculture. 60

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