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Bilas, R. : *Micro Economic Theory.*

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Grossman, Gregory : *Economic Systems.*
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David McCord Wright: *Capitalism.*
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Ludwig Von Mises : *Socialism.*
Robinson, Joan : *Essays on Marxian Economics.*
Jay, Douglas : *Socialism in the New Society.*
Crosland, C.A.R. : *The Future of Socialism.*
Carew Hunt, R.N. : *The Theory and Practice of Communism.*
Dickenson, H.D. : *Economics of Socialism.*
Dobb, Maurice : *On Economic Theory and Socialism (collected papers).*
Erwest Mandel : *Marxist Economic Theory.*
M. Kalecki: *Selected Essays on the Economic Growth of the Socialist and the Mixed Economy.*

ECONOMICS OF DEVELOPMENT AND PLANNING

General Text Books

Dewett, K.K. and Wadhawan, S.: *Economics of Growth and Development.*
Lewis, W.A. : *The Theory of Economic Growth.*
Meier, G.M. and Baldwin, R.E. : *Economic Development: Theory, History and Policy.*
Meier, G.M. (ed.): *Leading Issues in Economic Development.*
Cairncross, A. : *Factors in Economic Development.*
Livingstone, Ian and Goodall, A.S. : *Economics and Development, An Introduction.*
Dobb, Maurice : *An Essay on Economic Growth and Planning.*
Bright Singh, D. : *Economics of Development.*
V.K.R.V. Rao : *Essays in Economic Development.*
Higgins, B. : *Economic Development. Principles, Problems and Policies.*
Kindleberger, C.P. : *Economic Development.*
Hirschman, A. : *The Strategy of Economic Development.*
Nurkse, R. : *Problems of Capital Formation in Under-developed Countries.*
Bauer and Yamey : *The Economics of Under-developed Countries.*
Singer, H.W. : *Economic Progress in Under-developed Countries.*
Myint, H. : *The Economics of Developing Countries.*
Aggarwal, A.N. and Singh, S.I. : *Economics of Under-developed Countries.*
Aggarwal, A.N. and Singh, S.I. : *Accelerating Investment in Developing Economies.*
Myrdal, G. : *Economic Theory and Under-developed Regions.*
Rostow, W.W. : *Process of Economic Growth.*
Leibenstein, H. : *Economic Backwardness and Economic Growth.*
Galbraith, J.K. : *Economic Development in Perspective.*
Currie, L. : *Accelerating Development.*
Mason, E.S. : *Economic Planning in Under-developed Areas.*
Anjaria, J.J. : *Essays in Planning and Growth.*
Wagle, S.S. : *Technique of Planning.*
Durbin, E.M.F. : *Problems of Economic Planning.*
Lewis, W.A. : *The Principles of Economic Planning.*
Lewis, W.A. : *Development Planning.*

Other Readings

Wadhva, C.D. (ed.) : *Some Problems of India's Economic Policy.*

Reddaway, W.B. : *The Development of Indian Planning.*

Myrdal, G. : *Asian Drama.* (Vols I and II).

Gadgil, D.R. : *Planning and Economic Policy in India.*

Bhagwati, J. and Desai, P. : *India—Planning for Industrialisation.*

Rosenstein Rodan, P.N. & Others : *Investment Criteria and Economic Growth.*

Kuznets, S.: *Economic Growth and Structure.*

Enke : *Economics for Development.*

Bettleheim : *Theory of Planning.*

Hawkins, E.W. : *The Principles of Development Aid.*

Richard Jolly, Ede Kadt, Hans Singer and Fiona Wilson, (ed.): *Third World Employment (Problems & Strategy.)*

Sen, Amartya: *On Economic Inequality.*

Mahn, F.M. (ed.): *Readings in the Theory of Growth.*

Myrdal, Gunnar: *The Challenge of World Poverty.*

Jagdish Bhagwati: *The Economics of Under-developed Countries.*

Kuznets, Simon : *Modern Economic Growth.*

Everett E.Hagen (ed.) : *Planning Economic Development.*

Ian Little, Tibor Scitovsky, Maurice Scott : *Industry and Trade in Some Developing Countries (A Comparative Study).*

Little, I.M.D. and Mirrlecs, J.A.: *Project Appraisal and Planning for Development.*

Tarlok Singh: *India's Development Experience.*

B.S. Minhas : *Planning and the Poor.*

WELFARE ECONOMICS

Baumol, W.J. : *Economic Theory and Operation Analysis.*

Baumol, W.J.: *Welfare Economics and the Theory of the State.*

Graaff, J. De. V. : *Theoretical Welfare Economics.*

Little, I.M.D. : *A Critique of Welfare Economics.*

Pigou, A.C. : *The Economics of Welfare.*

Reder, M.W. : *Studies in the Theory of Welfare Economics.*

Scitovsky, T. : *Papers on Welfare and Growth.*

Syed Fakharul Hassan : *Introduction to Welfare Economics.*

Arrow, K.J. : *Social Choice and Individual Values.*

Mynit, Hla : *Theories of Welfare Economics.*

Rothenberg, J. : *The Measurement of Social Welfare.*

Buchanan, N.S. and Others : *Surveys of Economic Theory,* Vol. I.

Winch, D.M. : *Analytical Welfare Economics* (Penguin).

Mishan, E.J. : *Welfare Economics.*

A.E.A. : *Readings in Welfare Economics.*

Farrel, M.J. (ed.) : *Readings in Welfare Economics.*

Nath, S.K. : *A Perspective of Welfare Economics.*

Arrow, K.E. and Scitovosky, T. (Ed.): *Readings in Welfare Economics*

TYPICAL QUESTIONS

(Answers to most of these questions can be found in "Our Refresher Course in Economic Theory").

NATURE AND SCOPE

1. "Economics was a Science of Wealth: it is now a Science of Welfare". Discuss.

2. Critically examine Marshall's definition of Economics as a link between wealth and welfare.

3. "Economics is a study of mankind in the ordinary business of life" (Marshall). Discuss and amplify.

4. Explain and comment on the following: "Economics is the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses". (Robbins).

5. 'Economics is a science of choice Discuss.

6. How far is it correct to say that Robbins, definition limits the scope of Economics?

7. "Multiplicity of wants and scarcity of means are the two foundation-stones of economics". Discuss.

8. Make a comparative study of the definitions of Economics as given by Marshall and Robbins.

9. "Whatever Economics is concerned with, it is not concerned with the causes of material welfare". Discuss and examine this statement.

10. Define economics and distinguish carefully between 'positive economics' and 'welfare economics'.

11. "Economics is neutral between ends as such". Discuss the validity of this statement in a welfare State.

Or

"Economics is not concerned with ends as such. It is concerned with ends in so far as they affect the disposition of the means". Discuss.

12 Discuss the nature and limitations of economic laws.

Or

"The laws of Economics are to be compared with the laws of tides rather than the simple and exact law of gravitation". Discuss.

13. Discuss the limitations of economic theory in the formulation of economic policy.

14. "The theory of Economics does not furnish a body of settled conclusions immediately applicable to policy; it is a method rather than a doctrine, an apparatus of the mind, a technique of thinking, which helps its possessor to draw correct conclusions". Discuss.

15. "The true solution of the contest about method is not to be found in the selection of Deduction or Induction but in the acceptance of Deduction and Induction".

Or

"Induction and deduction are both needed for a scientific thought as right and left foot are needed for walking". Comment.

16. What is Equilibrium? Distinguish between Static and Dynamic Equilibrium.

17. Distinguish between partial and general equilibrium approach to economic analysis.

18. Explain the concept of 'Equilibrium'. Discuss its importance in economic theory.

19. Distinguish between the concepts of statics and dynamics. What is their utility in economic analysis?

20. Distinguish between wealth and welfare. How far is it correct to say that the study of Economics helps in promoting welfare?

21. Define Micro-economics. What is its place in economic theory?

22. Define Macro-economics and discuss its importance and limitations.

23. "The economist has to study micro as well as macro economic problems. The two studies are complementary to each other rather than being the alternative matters of study". Discuss the statement.

DEMAND ANALYSIS

1. State and explain the Law of Diminishing Marginal Utility. Bring out clearly the relationship between marginal utility and price.

2. Explain the Law of Diminishing Marginal Utility and explain its relation with the Law of Demand.

3. Estimate the importance of the Law of Diminishing Utility in shaping the theory and practice of modern taxation.

4. What are the difficulties in the measurement of utility as defined by Marshall?

5. Distinguish between marginal utility and total utility.

Or

Prove that the total utility of a commodity is maximum only when its marginal utility is zero. Illustrate your answer with the help of a diagram.

6. "The application of the Principle of Substitution

extends over almost every field of economic enquiry" Explain.

7. Discuss how Marshall's utility analysis is helpful in determining Consumer's Equilibrium.

Or

How can a consumer maximise his satisfaction in terms of utility analysis?

8. Explain the Law of Equi-marginal Utility from the particulars given below. Find out:

(a) the best combination of goods that a consumer will purchase in equilibrium.

(b) the total utility from the best combination.

No. of units consumed	MUx	MUy
1	30	20
2	25	18
3	20	16
4	15	14
5	10	12
6	5	10
7	1	8

Given that price of x = Rs. 5, price of y = Rs. 20 and Income Rs. 22.

9. "The concept of consumers' surplus is hypothetical, imaginary and illusory". Discuss.

10 What is consumer's surplus? Show how it is related to individual demand price and market price.

11. Examine the theoretical and practical significance of the concept of consumers' surplus.

12. Explain the concept of consumer's surplus. How far Hicksian method of measurement of consumer's surplus is superior to that of Marshall?

13. State the 'Law of Demand' and explain 'Giffen's Paradox'.

14. How do you derive the Law of Demand from the law of Equi-marginal Utility? What are the limitations of the Law of Demand?

15. Enumerate the factors which cause a change in the demand for a commodity. Distinguish, with illustrations, a movement along a demand curve and a shift of the demand curve.

16. Distinguish between a change in demand and a change in the quantity demanded, noting the causes of each. Illustrate your answer with examples.

17. Explain the reason why the demand curve is supposed to be downward sloping. Can you think of any exception?

18. What is the nature of the demand curve for the product of an individual firm under full and free competition?

19. Define 'elasticity of demand'. Distinguish between price elasticity, income elasticity and cross elasticity of demand. Discuss the factors that determine elasticity of demand.

20. Define the term Elasticity of Demand. What are the factors that affect Elasticity of Demand? Calculate the elasticity of demand in the following (the price of good X Px falls continuously).

Px (Rs)	Quantity demanded of x Units
10	20
8	30
6	35

21. What is 'elasticity of demand'? How could it be measured? Bring out its practical importance.

22. What is elasticity of demand? Illustrate how elasticity of demand varies for different incomes and different ranges of prices.

23. Define price elasticity of demand and prove that

$$e = \frac{AR}{AR - MR}$$

where e = price elasticity of demand.
AR = Average revenue.
MR = Marginal revenue.

24. State the circumstances in which a demand curve throughout its length represents unit elasticity.

25. "Elasticity of Demand is different at different points on the same demand curve". Discuss. What factors affect elasticity of demand?

26. What is meant by elasticity of demand? Prove with the help of geometric method of measurement, that on a straight line demand curve, E = 1 at the central point, less than 1 at points above and more than 1 at points below it.

27. Distinguish between price elasticity and income elasticity. Prove that the higher of the two parallel straight line demand curves has lower price elasticity.

28. Define price elasticity of demand, and explain why it is usually negative.

29. When Price of a commodity increases from Rs. 10 per unit to Rs. 12 per unit, its demand falls from 96 units to 80 units. Find the price elasticity of demand for the product. Suppose you were the producer-seller of the product what would this elasticity suggest for your price policy?

30. Define income elasticity of demand. When A's income was Rs. 300, he bought 20 litres of milk per month; when his income increased to Rs. 350, he purchased 24 litres of milk per month. Assuming to change in the price of milk, what was A's income elasticity of demand for milk?

31. Define price elasticity of demand. Prove that (i) a straight downward sloping curve implies that as price falls, elasticity of demand decreases. (ii) Comparing two straight line demand curves of the same slope. the one further from the origin is less elastic at every price than one closer to the origin,

32. Define 'elasticity of demand' and distinguish between 'point elasticity' and 'arc elasticity'. Explain the methods of measuring point elasticity

33. Show that the slope of the demand curve does not necessarily indicate the degree of elasticity of demand.

34. What are indifference curves? Give their assumptions and properties.

35. Draw the indifference curve diagrams in the following cases:—

a) Goods X is a Giffan Goods.

b) Demand for goods X is unit elastic.

c) Goods X and Y are always consumed in a fixed proportion.

d) Income Elasticity of Demand for Goods Y is unity.

36. Explain why a consumer's indifference curves (i) have negative slopes, (ii) do not intersect and (iii) are convex to the origin. What is the economic interpretation of property?

37. Explain with the help of indifference curves how a consumer allocates his income in order to attain equilibrium. How would a change in income affect his equilibrium?

38. Explain the effect of a change in the following on consumer's equilibrium: (i) income; (ii) relative prices, real income remaining the same.

39. Distinguish between Income Effect and Substitution Effect. Show how they are related to price effect.

40. Distinguish between Income Effect and Substitution Effect of a fall in the price of a commodity. Prove that the latter has always a positive and the former sometimes a negative effect, on demand.

41 Distinguish between Income Effect and Substitution Effect of a change in price. Show with the help of a diagram how they act in case of inferior goods and 'Giffen goods.

42 What are the relationships between substitution effect, income effect and the law of demand? Comment briefly on the following statement about the rational consumer:

"If he always consumes more of a commodity when his income alone rises, then he will consume less of it when its price alone rises."

43 Prove the following theorem for a two-commoditiy consumer:

If the income effect for one of the two commodities is nil, then the consumer's demand curve for the commod ty will have a negative slope.

44 'When the price of X falls, the substitution effect cannot be negative, and a positive income elasticity of demand is sufficient to give an increase in the demand for X'. Explain.

45. What do you understand by Income Effect of a change in price; what factors determine whether it is (a) positive or negative, (b) strong or weak? How does Hicks make use of this effect in demand analysis?

46. If a consumer can spend his income only on food and clothing show by using a set of his indifference curves between food and clothing and his consumption possibility line, the consumer's new equilibrium position when (a) his income increases, but both prices remain constant and (b) the price of food falls.

47. What are indifference Curves? Explain the effect of an increase in money income of a consumer on his consumption of (i) a normal good and (ii) an inferior good, other things being equal. Illustrate with diagrams.

48. What is meant by 'Consumer's Equilibrium'? How would the equilibrium of a consumer in respect of a particular commodity be affected if (a) the price of that commodity rises. (b) the income of the consumer falls, and (c) the price of a substitute commodity falls? Use indifference curve technique for the answer.

49. Explain with the help of a diagram (a) Price Consumption Curve, and (b) Income Consumption Curve'.

50. Explain the Law of Diminishing Marginal Rate of Substitution. Show with the help of the indifference curve analysis, how the individual consumer attains equilibrium when the marginal rate of substitution of X for Y is equal to the ratio of prices of X and Y.

51. Why does the marginal rate of substitution fall as we move along a consumer's indifference curve? Draw price consumption curve and derive conventional demand curve from it.

52. "As the price of any good X falls, the increase in the amount demanded depends upon the strength and direction of the income effect on the one hand and of the substitution effect on the other". Discuss.

53. Show that the utility analysis and indifference analysis give the same conditions of equilibrium of the consumer. Use diagrams and/or formulae to prove your answer.

54. Explain and illustrate what is price consumption curve. Show that its shape depends on the elasticity of demand for a commodity. Compare the Price Consumption Curve with the Marshallian individual demand curve.

55. "Tangency between the price line and an indifference curve is the expression in terms of indifference curve is the expression in terms of indifference curves of the proportionality between marginal utilities and prices". Comment.

56. Describe the 'indifference curve' analysis of consumer's behaviour and discuss in what respects it is superior to the marginal utility analysis. What are its weaknesses?

57. "The indifference curve technique only jumps from the frying pan of measuring utility into the fire of the unreality of assuming consumer's complete knowledge of all his scales of preferences on indifference map". Discuss.

FACTORS OF PRODUCTION

1. Indicate the criticism to which the traditional classification of the factors is subjected.

2. What are the peculiarities of labour as a factor of production? Explain their significance in economic theory.

3. Distinguish between productive and unproductive labour. What are the factors which determine the efficiency of labour?,

4. Critically examine the Malthusian Theory of Population. Is it applicable to your country?

5. Examine the Optimum Theory of Population. How far is this theory an improvement on the Malthusian Theory of Population?

6. What do you understand by over-population? Is increasing population always undesirable?

7. What is meant by Division of Labour? Briefly discuss its advantages and disadvantages.

8. "Division of labour is limited by the extent of the market." Discuss.

9. Discuss the causes of localisation of industries and its advantages and disadvantages.

10. Explain briefly Weber's Theory of industrial location. What are its limitations?

11. What are the advantages of decentralisation of industries?

12. Discuss the role of the following in capital formation: (a) savings, (b) investments, (c) capital market and finance mechanism and (d) foreign capital.

13. Account for the low rate of capital formation in under-developed countries. How far can disguised unemployment be regarded as a potential source of capital?

Or

Suggest measures to step up capital formation in under-developed countries with special reference to India.

14. Explain the role of machinery in large-scale production and state the economic and social consequences of mechanisation..

15. "The introduction of machinery may create short-run unemployment while creating general long-term employment". Discuss.

16. Examine the role and functions of an entrepreneur in a capitalist economy.

THEORY OF PRODUCTION

1. Define a homogeneous linear production function.

2. What is 'Production Function'? How does it help in understanding producer's equilibrium?

3. Explain with the help of production possibility curve how economics is concerned with the problem of employment and allocation and growth of community's resources.

4. Explain the following problems in Economics with the help of production possibility curve: (i) Choice between the production of consumer goods and producer goods in an economy; (ii) the problem of unemployed resources; (iii) the problem of economic growth.

5. Carefully distinguish between internal and external economies. In what principal ways does the firm enjoy internal economies? How do they affect firm's average cost curve over different ranges of output?

6. Explain the external and internal economies in Production. Discuss the part played by them in bringing about Increasing Returns.

7. Discuss the relative merits of large and small-scale production in an under-developed country.

8. What are the factors limiting the size of a firm? What part do "Indivisibilities" and "Economies of Scale" play in determining the size of the firm?

9. Discuss the role of small-scale industries in a developing economy.

10. State and explain the Law of Diminishing Returns and indicate its significance in economic theory and policy.

12. "The part played by Nature conforms to Diminishing Returns while the part which man plays conforms to Increasing Returns". Critically examine this statement.

13. State the law of diminishing marginal returns and in this context explain the significance of indivisibility of factors.

14. Discuss the view that 'diminishing returns' arises out of defective factor proportions.

15. What do you understand by optimum factor combination? Explain fully with the aid of indifference curves.

16. State clearly the Law of Variable Proportions. Illustrate diagrammatically. How does it affect the supply curve?

Or

The laws of diminishing returns and increasing returns are two phases of the law of variable proportions. Discuss.

17. Explain the law of increasing returns. Do increasing returns necessarily lead to monopoly?

Or

How far are increasing returns compatible with competition.

18. Enunciate the Law of Constant Returns and indicate the cases where it operates.

19. Explain the reasons for the operation of (a) the law of diminishing returns, and (b) diminishing returns to scale.

20. What is the difference between Law of returns and returns to scale. Enumerate the factors that cause decreasing returns to scale.

21. What are Iso-product curves? Explain their characteristics.

22. What is the significance of tangency between an Isoquant and an iso-cost line?

23. Show with the help of curves that different combinations of two factors of production give the same output (Iso-product). Explain the characteristics of the curves drawn.

24. Given the Iso-product curves of a firm and the prices of the two inputs it uses, find the condition that the firm must fulfil to produce (i) a given output at the least possible cost and (ii) the largest output at a given total cost.

25. Distinguish between 'Equilibrium of the Firm' and 'Equilibrium of the Industry'. Explain and illustrate with the help of a diagram the long-period Equilibrium of a competitive firm.

26. What is meant by the equilibrium of firm and of the industry? Indicate the conditions of equilibrium of both under perfect competition.

27. Distinguish between AC and MC and discuss the significance of this distinction in the analysis of firm's equilibrium.

28. Distinguish between short and long run equilibria for the individual firm under perfect competition.

29. Explain the relationship between average revenue and marginal revenue with the help of the concept of elasticity of demand.

30. Distinguish between Total Revenue, Average Revenue and Marginal Revenue. Explain their relationship.

31. Show how average and marginal revenue curves can be derived from total product curve.

32. Why do average and marginal revenue curves of a firm fall under in perfect competition?

33. Explain the average revenue curve of a firm under perfect competition. Is it identical with its marginal revenue curve? Give reasons. What is the shape of this curve?

34. What is the importance of average and marginal, revenue curves in determining Producer's Equilibrium?

35. Explain "marginal revenue curve of a firm cannot be above its average revenue curve."

36. Show that the equality between a firm's marginal revenue and marginal cost is a necessary, but not sufficient condition for profit maximisation.

37. Explain the meaning of Average Revenue and Marginal Revenue of a firm. Explain and illustrate the nature of their respective curves in perfectly competitive and monopoly markets.

38. Establish the relationship between the marginal revenue, the average revenue and the elasticity of demand. Can the elasticity of demand be less than unity at the equilibrium price of a commodity (a) under perfect competition and (b) under monopoly?

39. "A firm is in equilibrium where its marginal revenue is equal to its marginal cost". Explain.

40. Examine the significance of the equality between marginal revenue and marginal cost in the theory of firm under different types of market conditions.

41. "All firms do not always aim at profit maximisation". Explain.

42. Compare with the help of diagrams the equilibrium of the firm under perfect competition and under imperfect competition from the point of view of the most efficient utilisation of resources.

43. "While under perfect competition, the individual firm can attain equilibrium only under increasing cost conditions, under monopoly it can be in equilibrium, whatever the cost condition." Discuss.

44. Under identical cost conditions, compare a firm's equilibrium under (a) perfect competition and (b) monopolistic competition in respect of (i) average per unit total cost; and (ii) utilisation of production capacity.

MARKET FORMS

1. What do you understand by the term 'market' in Economics? Explain the factors which determine its size.

2. Discuss the importance of the following factors in determining the nature of the markets: (a) the number of firms, (b) selling costs, (c) price discrimination and (d) inter-dependence of firms.

Or

If the market consists of a large number of firms, will the point of equilibrium of a firm necessarily tend to coincide with the lowest point of its AC curve?

3. Distinguish between pure and perfect competition. Under what conditions does competition become imperfect?

4. What are the essential conditions of perfect competition? Distinguish it clearly from perfect monopoly and imperfect competition.

5. What are the assumptions underlying the concept of perfect competition? How far is the theory of value based on the above assumptions realistic?

6. What do you understand by monopolistic competition? What are the characteristic features that distinguish it both from pure competition and pure monopoly?

7. What are the factors that lead to monopolistic competition in real life. Show that under monopolistic competition in the long-run, a firm is bound to have excess capacity.

PRICING UNDER COMPETITION

1. Comment on the role of price mechanism in a competitive economy.

2. Show how in perfectly competitive equilibrium the price of a commodity is equal to its marginal and average cost of production. Illustrate your answer diagrammatically.

3. "Value is determined by marginal utility." "Value is determined by the equilibrium of demand and supply". Are these statements consistent?

4. 'We might as reasonably dispute whether it is the upper or the under blade of a pair of scissors that cuts a price of paper as whether value is determined by utility or cost of production'. Discuss.

5. "Through demand and supply, production becomes profitable to producers and price acceptable to consumers". Discuss.

6. What do you understand by perfect competition? Illustrate how price under perfect competition is equal to the lowest cost of production of a commodity.

7. Explain the term "Equilibrium". How is equilibrium price determined under perfectly competitive competition?

8. In perfect competition a seller in equilibrium does not determine price but adjust his output to the prevailing price. Elucidate with illustrations.

9. What do you understand by normal price? How is it determined under perfect competition in (a) increasing cost, (b) decreasing cost, and (c) constant cost.

10. How are price and output determined under perfect competition in the long-run? Explain fully.

11. Distinguish between market price and normal price. In what respects is the determination of these two prices different?

12. What do you mean by "Normal Equilibrium Value"? How is it determined? Can you account for the paradox that sometimes a rise in normal demand for a commodity may lead to a fall in price?

13. Bring out the importance of time element in the theory of value and elucidate the following statement:

"The shorter the period the greater will be the influence of demand on price and longer the period the more important will be the influence of supply on price".

14. What would be the effect of changes in demand for a commodity on its price (a) in the short period, and (b) in the long period. Use diagrams to illustrate your answer.

15. Distinguish between the "short" period and the "long" period. How is long period average cost curve of a producer drawn?

16. Analyse the relationship between price and cost of production for a firm under perfect competition in (a) short-run equilibrium, and (b) long-run equilibrium.

17. What do you understand by the term 'cost of production'? Distinguish between Prime Cost and Supplementary Costs and examine the bearing of this distinction on the theory of value.

18. Distinguish between Prime Costs and Supplementary Costs. Show how this distinction is important in explaining the equilibrium of a firm.

19. Bring out the relationship between marginal cost and price under:

(a) Perfect competition;
(b) Imperfect competition; and
(c) Monopoly.

20. Explain the relationship between average and marginal cost. Can marginal cost be rising when the average cost as falling?

21. Discuss the relation between price, marginal cost and average cost in a perfectly competitive market both in the short run and in the long run.

22. Distinguish between Average and Marginal Cost Curves. Which of these affects supply and price?

23. What is the relationship between the average cost and the marginal cost of a firm? Prove that the marginal cost curve intersects the average cost curve at its lowest point.

24. Show how, in perfectly competitive conditions the price of a commodity is equal to its average and marginal cost of production.

25. Distinguish between Fixed and Variable Costs of production. Derive with the help of the Fixed and Variable Cost Curves, the U-shaped average cost curve. Can you illustrate a case where average cost falls while marginal cost remains constant?

26. Discuss the shape and construction of short-run and long-run average cost curves.

27. Explain the relationship between the four cost curves in Economics. Will you term the long-run average cost curve as an 'Envelope'?

28. Explain and illustrate the following:—"The lowest point of short run ATC curve lies above and to the right of the lowest point of AVC curve and the SMC curve passes through both these points."

Or

Account for the 'U' shape of an average cost curve in the short period and in the long period.

29. 'One can safely make the generalisation that the long-run average cost curves of a firm will normally be U-shaped as short-run ones will, but they will invariably

be flatter than short-run ones will". Examine this statement.

30. Distinguish between average and marginal cost and show by examples and diagram that the marginal costs are less than average costs if average costs are falling and more than average costs if average costs are rising.

31. Explain the concept of Opportunity Cost and discuss its bearing on the problem of relative values.

32. Explain how the laws of returns influence the nature of cost curves.

33. How would you derive the supply curve of an industry under perfect competition (a) in the short run, and (b) in the long run? Do all firms always get normal profit under perfect competition?

34. What is a perfectly competitive industry? Explain why the short run supply curve of such an industry always slopes upwards?

35. Examine the factors that determine the long-run supply curve of an industry under perfect competition.

36. Bring out the importance of margin in the Theories of Economic behaviour of consuming and producing units.

37. "Margin is the point at which, and not by which, the value is determined". Discuss.

PRICE UNDER IMPERFECT COMPETITION: MONOPOLY AND MONOPOLISTIC COMPETITION

1. Define monopoly. Explain how price is determined under monopoly. Indicate the difference between competitive price and monopoly price.

2. Compare perfect competition and monopoly in respect of price, output and profits.

3. What is meant by 'monopoly revenue'? Will it be higher if the demand curve facing a monopolist is more elastic? What limits the power of the monopolist to raise price?

4. Both the monopolist and the competitive producer aim at maximising their net gain. Show how they achieve their objective.

5. "The equality of marginal cost and marginal revenue is the basis for determination of price both under monopoly and perfect competition". Explain.

Or

Why is the equality of marginal revenue and marginal cost essential for profit maximisation in all types of markets? Explain why price can be substituted for marginal revenue in the MR = MC rule when an industry is purely competitive.

6. "Monopoly equilibrium is not possible if elasticity of demand is less than one". Explain.

7. Explain: (a) the demand curve is horizontal under perfect competition;

(b) the demand curve is vertical under absolute monopoly; and

(c) the demand curve has a negative slope under monopolistic competition.

8. Compare price and output policies under monopoly and perfect competition.

9. "A monopolist is a price maker, a seller under competition is price taker". Elucidate.

10. (a) Explain how the pricing policy of a monopolist is influenced by elasticity of demand for his product.

(b) At the point of equilibrium, elasticity of demand for the monopolists's product is 1.5 and marginal revenue earned by him is Rs. 20. Find out the equilibrium price.

(c) "At equilibrium price, if the elasticity of demand for the monopolist's product is 1.5, the MC for equilibrium output is ⅓rd of the equilibrium price". Explain and illustrate.

11. What are the foundations of monopoly power? How do the monopolists exercise it to 'maximise profits in markets' where consumers can be given discriminating treatment?

12. What is a discriminating monopoly? Under what conditions is discrimination possible, profitable and socially desirable.

13. "Different demand elasticities is a condition necessary but not sufficient for price discrimination". Explain.

14. Discuss the principles governing the price-output policy of a discriminating monopolist.

15. How does a discriminating monopolist determine his total output and the price, profit and output to be sold in the market?

Or

How does a discriminating monopolist fix: (a) his total output, (b) division of the total output in different markets, and (c) prices to be charged in different markets. Explain diagrammatically.

16. What do you mean by monopolistic competition? How are price and output determined under monopolistic competition?

17. State the characteristics of monopolistic competition and explain why the demand curve under monopolistic competition is more elastic than that under monopoly.

18. What are the main characteristics of the traditional theory of value? How does Chamberlin's theory of monopolistic competition constitute an advance over it?

19. Discuss the relation between marginal cost and price (a) under competition, (b) under monopolistic competition, and (c) under ordinary monopoly.

20. What are 'selling costs'? Under what market conditions would a producer incur selling costs? How does a producer incurring selling costs reach equilibrium?

21. What are selling costs? How do they differ from production costs? Why are selling costs incompatible with perfect competition?

22. How do selling costs differ from production costs? Discuss how the group attains equilibrium when selling costs alone vary.

23. What is the shape of selling costs curve of a firm under monopolistic competition? How is the blending of monopoly and competition reflected in the price output results of long-run equilibrium under monopolistic competition?

24. Examine the significance of a firm's kinked demand curve in the theory of price under oligopoly.

25. "The size of the gap in the two portions of the MR curve of an oligopoly firm depends upon the difference between the elasticities of the two segments of its kinky demand curve". Illustrate and explain.

DISTRIBUTION

General

1. Explain the term 'National Dividend'. Briefly discuss the principle which governs its distribution among various agents of production.

2. How does pricing of factors of production differ from pricing of commodities? What is the significance of marginal productivity approach in the theory of factor pricing?

Or

"The theory of factor pricing is only an extension of the general price theory". Discuss.

3. Discuss fully the meaning of marginal productivity of a factor of production. How is price of a factor related to its productivity under conditions of perfect competition and imperfect competition.

4. "When each factor is paid according to its marginal product, the total product is exhausted". Critically examine.

5. Why is productivity important in determining the factor prices? Why is the marginal productivity and not the average productivity that concerns the economists?

6. Distinguish between marginal revenue product and marginal value product of a factor of production. Under what conditions will the price of a factor be equal to its marginal value product?

7. Explain the concept of 'marginal revenue product'. What role does it play in the determination of the price of a factor?

8. What do you understand by the equilibrium of the firm in the factor market? What are the conditions of this equilibrium (a) under perfect competition and (b) under imperfect competition?

9. Discuss the Marginal Productivity Theory of Distribution. Does it provide a satisfactory explanation of the determination of the reward of a factor of production?

10. Explain the marginal productivity theory of distribution and compare it with the modern theory of distribution.

11. Explain what do you understand by 'Transfer Earnings'. Indicate its significance in the theory of factor pricing.

Rent

1. Distinguish between Economic Rent and Contract Rent. How is Economic Rent determined? Explain.

2. Distinguish between Economic Rent and Scarcity Rent. In what sense is rent peculiar to land?

3. Explain the Ricardian Theory of Rent and discuss the amplifications and modifications made in the theory by modern economists.

4. "Rent is paid for the original and indestructible power of the soil." Explain.

5. "The amount of rent earned depends both on quality and quantity of the factor in relation to the demand for it". Examine this view.

6. What is "No-rent Land"? Under what circumstances will such land start yielding positive rent?

7. "Rent can arise only when the supply of any factor of production is less than perfectly elastic." In the context of this statement describe the modern theory of rent.

8. Do you agree with the view that no rent will arise, if all land is equally fertile and equally well situated?

9. Would there be rent (a) if all lands were equally fertile; (b) if the land owner himself is the cultivator of land; (c) if there were no tendency to diminishing returns; (d) if the Government owned all lands; (e) if the supply of better lands were practically unlimited; and (f) if land revenue were abolished? Give reasons in each case.

10. Explain the occurrence of rent—

(a) When land is homogeneous and has a single use.

(b) When land is not homogeneous.

(c) When it has alternative uses.

11. State and explain the modern theory of rent. Does rent, according to this theory, enter into price?

12. Discuss the modern theory of rent What is the role of opportunity cost in it?

13. 'Rent is not a payment for the factor land but for the land-element in factors'. In the light of this statement discuss the modern theory of rent.

14. "Rent is price determined and not price determining". Explain.

15. What is Modern Theory of Rent? How far is it an improvement upon the Ricardian Theory of Rent?

16. Explain the modern concept of rent as a surplus. How is it different from the Ricardian Theory?

17. "Rent is a surplus earned by a factor over and above the minimum earnings necessary to induce to do its work". Discuss.

18. "The rent of the land is not a thing by itself, but the leading species of a large genus". Discuss.

Or

'Rent is not peculiar to land; it can arise to any factor of production whose supply is less than perfectly elastic'. Discuss.

19. Distinguish between Rent and Quasi-Rent. Show how the two are related to transfer earnings?

20. What are transfer earnings? What is the significance of transfer earnings in the theory of economic rent?

21. Distinguish between Transfer Earnings and Economic Rent. Mention cases where the entire earnings of a factor may be regarded as (a) Transfer Earnings and (b) Economic Rent.

22. Discuss the probable effects of the following on agricultural rents: (a) growth of population; (b) growth of international trade; (c) industrialisation; (d) agricultural improvements; and (e) improvements in the means of transport.

23. Analyse the nature of rent and indicate the position it is likely to hold under a socialistic regime.

Wage

1. How far is the determination of wages affected by the peculiarities of labour? Can labour be treated as a commodity?

2. Distinguish between real and money wages. What factors would you take into consideration in determining real wages? Under what conditions is it possible for the two to move in the opposite directions?

3. 'Fairly acceptable wages of 1969 became too low in 1975'. What are the economic principles involved in this statement?

4. Discuss how wages are determined

(a) Under perfect competition.

(b) Under imperfect competition.

5. "Wages under pure competition are equal both to the marginal and average product of labour". Explain.

6. Critically discuss the marginal productivity theory of wages. Does this theory satisfactorily explain changes in the wage rate?

7. State the modern theory of wages. How far is it true to say that the theory of wages is an application of the general theory of value?

8. Show how the concept of a uniform wage rate implicit in the old theories of wages is incompatible with the existence of non-competing groups.

9. How do you account for differences in wages among (a) individual workers; (b) different occupations and industries and (c) within the same occupation?

10. Will an increase in the wage rate necessarily increase the quantity of labour supplied? Give reasons for your answer.

11. Analyse the effect of a wage increase on the supply

of labour. When can the supply curve of labour be backward sloping? Illustrate diagrammatically.

12. How do the following factors influence the wage rates in labour market:

(a) Non-competing groups, (b) bargaining power, (c) mobility of labour, (d) nature of work, and (e) Government policy.

Labour Problems

1. Discuss the functions and utility of Trade Unions.
2. How far can the Trade Unions raise wages without adversely affecting the volume of employment in an industry?
3. Can collective bargaining raise (a) the general wage level, (b) wages in an individual industry? Explain fully.
4. What is meant by collective bargaining? What are the consequences of collective bargaining in the labour market?
5. Analyse the effect of collective bargaining on wages and employment in the following conditions:—

(a) Perfect competition in both markets.

(b) Monopsony in the factor market and imperfect competition in the product market.

6. "Trade Unions can raise wages in a particular industry but the result will be less employment". Comment.
7. Discuss the economic consequences of minimum-wage fixation and collective bargaining.
8. Discuss the desirability and feasibility of (a) national minimum wage and (b) minimum wage for selected occupations.
9. Enumerate the causes of industrial disputes in a free economy. Can you suggest any preventive and remedial measures?
10. What is unemployment? How is it caused? Suggest some remedies for it.
11. Distinguish between the various types of unemployment under capitalism. How far can planning remedy them?
12. How does the employment problem differ in under-developed and developed economies? What is the proper employment policy for these two types of economies?
13. Discuss the implications of a policy of Full Employment with special reference to under-developed economies.

Interest

1. How is the rate of interest determined? Account for the varying rates of interest in the same market.
2. Discuss: "The rate of interest is the price of money and is determined by the supply of money and demand for it".
3. What is liquidity preference? How do changes in liquidity preference influence the rate of interest?
4. State and explain the liquidity preference theory of interest. Is interest a monetary phenomenon?
5. Examine Keynes' Liquidity Preference Theory of Interest and explain how it differs from the classical theory.
6. Explain the keynesian Theory of Interest. Do you consider it a fully satisfactory explanation? Give reasons. What according to keynes is the role of rate of interest in determining equilibrium level of investment?
7. What is meant by the speculative demand for money? What role does it play in the determination of the rate of interest?
8. "Interest is the reward for parting with iiquidity for a specified period". Discuss.
9. Critically examine the Loanable Funds Theory of rate of interest.
10. Explain how supply of and demand for loanable funds differ from the supply of and demand for savings. Bring out the significance of this difference in the theory of interest.
11. "Keynes' criticism of the classical and Loanable Fund Theories of indetermenancy applies equally to his own theory". (Hansen). Discuss.
12. Examine the Loanable Funds Theory of Interest. What is the main difference between this theory and the Keynesian Theory of interest.
13. Discuss the view that (a) interest is reward for waiting.

(b) The rate of interest depends upon the marginal productivity of capital.

14. "Both the Classical and the Keynesian theories of interest are inderterminate and therefore incomplete". Elucidate.
15. Distinguish between time-preference and liquidity preference. What part do they play in the theory of interest?
16. "The rate of interest is determined by the demand for and the supply of savings".

Or

"The rate of interest is determined by the demand for and the supply of money". Comment.

17. Discuss and explain clearly the part played by rate of interest in maintaining equilibrium between savings and investment.
18. Explain carefully the grounds for the existence of a positive rate of interest.
19. Explain the relation between Interest, Rent and Quasi-rent.
20. What is the role of interest in a socialist economy? Is the concept of interest necessary under socialism?

Profits

1. Distinguish between Gross Profits and Net Profits. Account for the variations of profits of different units in the same industry.
2. Critically examine Knight's Theory of Profit.
3. Critically examine the view that profit is the reward for the entrepreneur for bearing non-insurable risks and uncertainty.
4. "Uncertainty and not risk forms the basis of a valid theory of profits". Discuss.
5. Discuss the role played by the following in the determination of profits:—

(i) Risk and uncertainty.
(ii) Dynamic Changes.
(iii) Innovation.
(iv) Monopoly.

6. Critically examine the Dynamic Theory of Profits.
7. "Profits are said to be both causes and effects of economic dynamics."

Or

"A true theory of profits must reconcile the risk theory and dynamic theory of profits". Comment.

8. "Rent and profit are alike because both are surplus, but they differ because there might be rent in all incomes but not profit". Discuss.
9. Indicate the nature of profits and indicate the position they are likely to hold under a socialistic regime.

MACRO-ECONOMICS: THEORY OF INCOME AND EMPLOYMENT

1. Explain how national income accounts are organized.
2. What is national income? Is it a reliable index of economic welfare?
3. Distinguish between:—
(i) Gross National Product and Net National Product.
(ii) National Income at market prices and National Income at Factor Cost.
(iii) National Income and Domestic Income.
(iv) National Income at current prices and National Income at constant prices.
4. Explain the following terms:—
(i) National Income.
(ii) Personal Income.
(iii) Disposable Income.
(iv) Real Income.
5. Given N.N.P. at market prices, what adjustments will you make and why to get N.I. at factor cost?
6. Define National Income. What are the various methods of estimating national income? Point out its imperfections.
7. Explain how national income is a flow and not a stock; it is realised flow and not any expected flow. What are the problems and difficulties in calculating its size?
8. Explain the 'flow of product' approach and the 'income' approach to the problem of calculation of a country's National Income. How are the following problems dealt with, while calculation of a country's National Income. How are the following problems dealt with, while calculating National Income: (a) Double counting; (b) Government transactions, taxes and transfer payments?
9. Discuss the importance and significance of national income estimates in modern economic analysis.
10. Explain how the changes in the size and distribution of national income affect economic welfare.
11. Explain clearly the classical theory of employment and point out its main shortcomings.
12. Explain Keynesian Theory of Employment. Show how Keynes proves that equilibrium can be achieved at a point much below the level of full employment.
13. "Although with a given Aggregate Demand and Aggregate Supply, there will normally be only one position of equilibrium, this need not be at the level of full employment". Explain.
14. Explain under what conditions an economy happens to be in a state of 'under-employment equilibrium'.
15. What factors govern the level of employment in a free enterprise system according to Lord Keynes?
16. What are the fundamental differences between Keynes' Theory of Employment and the Classical Theory of Employment? Which is more relevant for India?
17. State and criticise Say's Law of Markets and bring out its main implications. On what grounds has it been criticised by Keynes?

Or

"Supply creates its own demand". Critically examine this statement.
18. Discuss Keynes' Psychological Law of Consumption. What are its implications?
19. Define Aggregate Demand and Aggregate Supply Schedules and show how they help determine the equilibrium level of income. What according to Keynes are the factors that determine the equilibrium level of employment in the economy?
20. What is Effective Demand? How is it determined?
21. State and explain Keynes' principle of Effective Demand. What is its importance?
22. Give a brief outline of the Keynesian Theory of Employment, bringing out clearly the role of 'effective demand', in determining the level of employment in an economy.
23. Define the term "Propensity to Consume." Discuss the factors which govern propensity to consume. How is it relevant to employment multiplier?
24. What do you understand by consumption function? Discuss its significance in Keynesian theory of employment.

Or

Define marginal propensity to consume, what is its importance in determining the level of income and employment in a country? What measures can be adopted to raise the propensity to consume?
25. Clearly distinguish between Average Propensity to Consume and Marginal Propensity to Consume and Show:—
(a) MPC < 1;
(b) MPC dectives as income rises, and
(c) Propensity to consume is generally stable.
26. Show how the total output and employment in a country depends upon marginal propensity to consume, the marginal efficiency of capital and the market rate of interest.
27. Discuss the concept of the 'Investment-Multiplier'. What part does Marginal Propensity to consume play in determining the size of the multiplier?
28. "The size of the multiplier varies directly with the size of the marginal propensity to consume". Explain and illustrate. What will be the impact of an investment of Rs. 100 crores on the level of national income if the marginal propensity to consume is 80%?
29. Explain the relationship between the level of income and savings in an economy.
30. Explain the concept of the multiplier and its role in the theory of employment.

Or

Explain the importance of Multiplier in economic analysis and economic policy.
31. "The multiplier depends ultimately on a psychological factor whereas the accelerator is based on technological factors". Explain.
32. Explain the limitations and leakages of multiplier.
33. What are the determinants of investment? How do business expectations affect the inducement to invest?
34. Discuss the role played by "Business Expectations" in the Keynesian theory of the Marginal Efficiency of Capital.
35. What is the investment multiplier? How is its value measured?

Or

Explain the working of the 'investment multiplier' along with its limitations.
36. What is meant by investment multiplier and on what factors does it depend? Explain its role in determination of the level of national income.
37. What do you understand by "Inducement to Invest"? Discuss the factors which govern inducement to invest in a capitalist economy.
38. What do you understand by marginal efficiency of capital? Explain how it affects inducement to invest.

39. Explain Keynes' definition of marginal efficiency of capital and account for the short-run fluctuations in the position of MEC curve.

40. Explain the concept of marginal efficiency of capital. What part does it play in the Keynesian Theory of Employment and Fluctuations?

41. What do you understand by 'Marginal Efficiency of Capital'? What factors influence marginal efficiency of capital in a community?

42. Critically examine the relationship between investment and income.

43. "The inducement to invest is limited by the size of the market". Discuss.

44. Distinguish between autonomous investment and induced investment. Explain the various measures that can stimulate 'private' and 'public' investments.

45. Explain the following statements:—

(a) Marginal Propensity to consume is less than one.

(b) Saving is a function of income and not rate of interest.

(c) Investment is a function of marginal efficiency of capital.

46. Examine the view that capital investment depends on changes in the demand for goods and services rather than on the absolute level of demand.

47. Discuss the extent to which the volume of investment can be controlled by purely monetary methods.

48. Define 'saving and investment'. Explain how national income is determined at the level where saving and investment are equal.

49. (1) "Savings and Investment are always equal"

(2) "Savings and Investment are equal only in equilibrium". Reconcile these two statements.

50. Explain how any discrepancy between savings and investment is corrected by changes in the level of national income.

51 'Equality between Investment and Saving is an indispensable condition of equilibrium.' Discuss.

52. Discuss the inter-relationship between Savings, Investment and Employment.

53. What are the classical postulates relating to wages and employment? On what grounds has Keynes criticised them?

54. How far is wage-rate flexibility a guarantee against unemployment? Give, in this respect, views of the classical economists and Keynes.

55. Why does Keynes prefer a Flexible monetary policy to a flexible wage policy as an instrument for raising the level of employment in a country?

56. What do you understand by Full Employment? What measures would you suggest to secure full employment in a capitalist economy?

57. What is meant by full employment? Explain the role of investment in achieving full employment.

58. What is meant by fiscal policy? How far can it be used to secure a high level of employment?

Or

Assess the role of fiscal policy in determining income and employment.

59. Is it possible to formulate a monetary policy designed to achieve full employment while maintaining price stability? Substantiate your answer.

60. Discuss the achievements and limitations of Keynesian economics.

61. What are the policy implications of the Keynesian Economics?

62. "Keynesian policies do not have much relevance to the problems of the under-developed countries". Discuss.

63. Critically examine the Keynesian Theory of employment.

64. "Keynes' magnum opus opened a new era of theory and practice in the field of public investment policy" Discuss.

65. Is it justified to describe Keynesian Economics as a Depression Economics?

66. Discuss the concept of 'inflationary gap'. How does it affect the level of income.

67. What is 'inflationary gap'? Explain how it can be eliminated.

68. What is 'money illusion'? How is this concept used in simplyfying analysis?

69. What are the various types of unemployment? Which of these types of unemployment does Keynesian Theory deal with?

TRADE CYCLES

1. What is a trade cycle? Explain its main characteristics.

2. Write a short note on the parts played by the (a) real and (b) monetary factors in a trade cycle.

3. Bring out the part played by the following in the trade cycle: (a) Variations in bank credit, (b) Fluctuations in the marginal efficiency of capital, (c) Waves of optimism and pessimism.

4. Discuss the role of the acceleration principle in the explanation of the trade cycle.

5. Comment on the view that a trade cycle is a purely monetary phenomenon.

6. Give an outline of the Hicksian Theory of Trade Cycle.

7. Discuss what you consider to be the most satisfactory explanation of the Trade Cycle.

8. Discuss the various measures which should be adopted to fight business fluctuations.

9. Discuss the policies that can be followed to control cyclical fluctuations.

10. Discuss the objectives of monetary policy. How far can a suitable monetary policy bring business revival?

11. What monetary measures would you advocate to cope with recession? How far effective would each of them prove to be?

12. "Monetary policy can check a boom, but it cannot deal with recession". Discuss this statement.

13. What are the different monetary explanations for the 'recession' phase of the trade cycle? How far are they adequate?

14. Explain the need for and limitations of fiscal policy as a means of reducing economic stability.

15. Briefly analyse the nature and working of compensatory fiscal policy. To what extent can it control cyclical fluctuations?

16. Discuss the various phases of the business cycle. How do variations in savings and investment influence the course of a cycle?

17. Explain the principle of acceleration and indicate the conditions under which it works.

18. Distinguish Acceleration principle from Investment multiplier. Explain and illustrate Acceleration principle.

MONEY

1. Explain the inconveniences attendant upon barter system and show how the introduction of money removes them.

2. Define Money and its functions. Does bank money perform these functions satisfactorily?

3. "Thus money which is a source of many blessings to mankind becomes also, unless we control it, a source of peril and confusion" (Robertson). Discuss the statement carefully.

4. "Money is what money does". Discuss.

5. Explain the role of money in a capitalist economy. How would it be different in a socialist economy?

6. Discuss the merits and demerits of a paper currency system. Indicate methods of the control.

7. What are the different methods of note issue? Give their relative merits and demerits.

Monetary System

1. What is gold standard? Why is it called an 'automatic standard'? Compare gold standard with the present I.M.F. standard.

2. Discuss the main features of Gold Standard. What are the rules to be observed for its successful functioning?

Or

The case for the Gold Standard is the case for a strict de jure gold standard, with each country following "the rules" so that no gold standard currency becomes distrusted Explain and illustrate.

3. Gold Standard failed due to the failure of countries to observe its golden rules. Examine the truth of this statement.

4. "The Gold Standard mechanism secures stability of exchange rates at the cost of domestic price stability." Elucidate.

5. Discuss how balance of payments disequilibrium is corrected under an international gold standard.

6. Define the term 'monetary standard'. Describe the main features of the Gold Exchange Standard.

7. What is meant by managed currency? Give its merits and demerits.

8. What are the essentials of a good monetary system? How far are they found in a paper currency standard?

Theory of Money and Prices

1. Explain the effects of the following factors on the value of money:— (a) Increase in the volume of bank credit; (b) Decrease in the liquidity preference; (c) Excess of investment over savings.

2. Critically examine the quantity theory of money. Does the quantity theory offer an adequate explanation of rise and fall of prices?

3. "The value of money, other things being the same, varies inversely as its quantity." Discuss.

4. Outline the processes by which a change in money supply would affect the general price level.

5. "The modern tendency in economic thinking is to discard the old notion of the quantity of money as the sole determinant of the value of money". Elucidate.

6. "The Quantity Theory of Money comes into its own during periods of full employment". Discuss this statement.

7. Do you agree with the view that Say's Law and the Quantity Theory of Money are consistent and complementary? Give reasons for your answer.

8. Give a critical appraisal of the Quantity Theory of Money. To what extent does Keynes' Income-Expenditure approach constitute an improvement on the Quantity Theory?

9. Explain the "Cash Balances" approach to the value of money. How far is this an improvement over the "Transactions" approach?

10. Compare and contrast the cash-balance and cash-transactions approaches to the value of money. How far is it correct to say that the value of money is a consequence of the total incomes rather than of the quantity of money?

Or

Compare the relative merits of Fisherian and Cambridge approach to the explanation of changes in the value of money.

11. "Changes in money incomes rather than changes in the quantity of money account for movements of the general price level." Discuss.

12. Discuss the view that price change are better explained by Saving-Investment Theory than by the traditional Quantity Theory.

13. "The value of money, like the value of anything else, is mainly a question of demand and supply". Elucidate.

14. "The demand for money fluctuates mainly due to the speculative motive". Discuss.

15. "The demand for money is the demand for money to hold". Discuss.

16. "Men speculate, prices fluctuate; prices do not fluctuate because men speculate". Comment.

17. What do you understand by an 'Index Number'? Construct a table of a simple index number. What principles should be borne in mind in constructing such a number? What are the difficulties involved?

18. Distinguish clearly between Simple and Weighted Index Numbers. Prepare a Simple Index Number of the cost of living of a labourer for 1977 taking 1960 as the base.

19. What are Index Numbers? Discuss the utility of index numbers in formulating public policies.

20. Explain the phrase 'value of money'. How would you measure changes in the value of money?

21. Examine the effects of changes in the value of money on different classes of people.

22. What are the causes of inflation? Discuss the monetary and fiscal measures to combat inflation.

23. "Monetary Policy is far more effective in controlling inflation than fiscal policy. Discuss.

24. Distinguish between Demand-Pull and Cost-Push types of Inflation.

25. (a) What is meant by inflationary gap? (b) What are the methods of controlling price rise?

26. "Inflation is unjust and inequitable and deflation is inexpedient" (Keynes). Discuss.

27. Discuss the economic consequences of inflation. How far can monetary measures control inflation? Account for inflation in any economy and discuss its consequences.

28. "Inflation and unemployment cannot co-exist in an economy" Comment.

29. "True inflation begins only after the level of full employment". Explain.

30. What do you understand by 'price control'? What are its objectives? Explain the difficulties of controlling prices effectively.

31. Discuss the effect of rising or falling prices on production, consumption and employment.

32. How does the Central Banks' Bank Rate Policy work as a measure of controlling the internal price level? Point out its essential conditions and limitations.

BANKING

1. Distinguish between a 'money market' and a 'capital market'. What is the importance of the latter in a developing economy?

2. What is the function of a money market in an under-developed economy?

3. What are the main functions of banks? Explain the role played by commercial banks in the economic development of a country.

4. What are the functions of nationalised commercial banks in a mixed Economy?

5. What is meant by 'liquidity' of commercial banks? How does a commercial bank achieve it?

6. Describe the principles underlying the distribution of assets of a commercial bank.

7. How do commercial banks reconcile the conflicting aims of Liquidity and Profitability in their operations?

8. How does a bank create credit? Examine the limitations on the power of a bank to create credit.

9. Do you agree with the view that every loan creates a deposit? Give reasons for your answer.

10. What is meant by the net liquidity ratio of commercial banks? Discuss its role in the process of expansion of money supply and the mechanism of credit control by the central bank.

11. "Banks are not merely traders in money but also in an important sense manufacturers of money". (Sayers.) Comment.

12. "The Bank does not create money out of thin air; it transmutes other forms of wealth into money". Discuss.

13. "Loans are children of deposits and deposits are children of loans". Explain.

14. Describe the main functions of Central Banks and point out the peculiarities of the Reserve Bank of India.

15. Briefly explain the methods by which the Central Bank controls the volume and creation of credit.

16. Distinguish between general credit control and selective credit control and examine their relative merits.

17. Assess the efficacy of open market operations and bank rate policy as instruments of credit control.

18. Compare the relative merits of open market operations and variable reserve ratio as methods of credit control.

19. Discuss the working and efficiency of selective credit controls.

20. Examine the case for and against the use of the method of variable reserve ratios for the control of bank credit.

21. Discuss the objectives and limitations of monetary policy especially in an under-developed country.

22. Enumerate the general objectives of economic policy. To what extent can monetary or fiscal instruments by themselves achieve these objectives?

23. 'The role of Central Bank in a developing economy is not so much to regulate the quantum of credit as to direct the flow of credit?' Elucidate.

24. What role can the Central Bank play in promoting economic growth with stability? Illustrate your answer with reference to India.

25. Describe the functions of a Central Bank with reference to economic development of a country.

26. How far can (1) price stability and (2) full employment be attained through monetary policy? Are the two objectives compatible?

INTERNATIONAL TRADE

1. Distinguish between domestic and international trade and point out the advantages arising from the participation in international trade.

2. "International trade is only a special form of inter-regional trade." Explain the statement.

3. Why is a separate theory of international trade considered necessary? Explain the conditions under which international trade is possible.

4. Distinguish between equal, absolute and comparative differences in costs. Show how comparative cost differences make international division of labour and exchange gainful.

5. Explain the theory of comparative costs. What are its limitations as the theory of international trade?

6. Examine the validity of comparative cost Theory of inter-national trade in relation to under-developed countries.

7. Critically examine the classical theory of International trade and state the modern theory.

8. Explain the doctrine of comparative advantage as developed by modern economists.

9. Compare and evaluate the views expressed in the following two statements:—

(a) "Two countries trade with each other those commodities in which they have a comparative cost advantage" (b) "Differences in factor endowments of the countries determine the course of their commodity trade".

10. Discuss the General Equilibrium y of international trade.

11. State and explain Ohlin's theory of international trade. In what ways is it superior to the classical theory?

12. What is the economic justification of international trade? How is the gain from international trade determined? In what way is this gain distributed between the trading countries?

13. Explain carefully the basis of trade between developed industrial countries taking similar factor endowments.

14. Examine critically the case for and against free trade. How for does it increase the volume and value of trade?

15. Explain the term 'protection' and give arguments for and against the policy of protection.

16. Discuss the rationale of a protectionist policy in a developing economy.

17. Under what conditions would it be preferable for a country (i) to resort to tariffs rather than quotas and (ii) to impose quotas rather than tariffs?

18. hat do you understand by 'terms of trade'? How are they determined? Can a country improve its terms of trade by imposing a tariff on its imports? Give reasons.

19. Define 'terms of trade'. Explain the factors which affect the terms of trade between two countries. Bring out the relationship between terms of trade and gains from international trade.

20. Explain the concept of 'Terms of Trade'. How do you account for the deterioration of the terms of trade of developing countries?

21. Under what conditions and to what extent is it possible to improve the terms of trade by depreciating the rate of exchange?

22. (a) Distinguish between Balance of Trade and Balance of Payments.

(b) Explain the concept of 'balance of payments equilibrium'. What are the methods usually adopted for correcting an adverse balance of payments? How is the disequilibrium in the Balance of Payments corrected?

23. What do you mean by equilibrium in the balance of payments? Explain fully the conditions necessary for such equilibrium.

24. Analyse the causes of adverse balance of payments. Assess the efficacy of tariff and subsidy as corrective measures.

25. Discuss the role of devaluation as a method of correcting disequilibrium in the balance of payments.

26. What is meant by fundamental disequilibrium in a country's balance of payments? Discuss the relative usefulness of the measures suggested in the International Monetary Fund Agreement for correcting it?

27. Analyse the dictum that 'Exports pay for Imports'. How shou this notion affect tariff policy?

28. Explain the relationship between a change in the foreign trade of a country and a change in its national income.

FOREIGN EXCHANGE

1. Differentiate between the internal value and the foreign exchange value of a country's currency. Show how the foreign exchange value of a currency is determined.

2. How is the rate of exchange determined when both the countries are on the gold standard? Also explain the limits within which the rate of exchange fluctuates.

3. What are specie points? Explain their significance in the determination of mint par rate of exchange.

4. Explain how the rate of foreign exchange is determined under a system of inconvertible paper currencies.

5. Examine critically the Purchasing Power Parity Theory and compare it with the Balance of Payments Theory of foreign exchanges.

6. Explain with illustrations the balance of payments theory of foreign exchange. What are its limitations?

7. What is foreign exchange? Explain the causes of fluctuations in the rates of foreign exchange. Are there any limits to these fluctuations?

8. Discuss the relative advantages and disadvantages of flexible exchange rate over a rigidly fixed exchange rate. Can you suggest a method by which the advantages of both systems can be combined? State the case for flexible rates of exchange.

9. It is said that the balance of payments always balances. How, then, do you explain the disequilibrium in the balance of payments? How can this disequilibrium be corrected?

10. What do you understand by exchange control? Discuss its objectives and technique.

11. State the objectives of the International Monetary Fund. How far has it achieved them?

12. Describe the organisation and working of the International Monetary Fund.

13. Discuss the role of International Monetary Fund in promoting the stability of the exchange rate. Why has it failed in recent years in maintaining stability of foreign exchange rates?

14. Examine the role played by the I.M.F. in the settlement of the balance of payments problems of the member countries.

15. How far is the International Monetary Fund an improvement over the international gold standard?

16. To what extent does the International Monetary Fund meet the requirements of an international currency system?

17. What steps have been taken by the International Monetary Fund in order to strengthen the international monetary system in the past two decades? How far have they been effective?

18. Explain the concept of international liquidity. What is the role of Special Drawing Rights in solving the problem of international liquidity?

PUBLIC FINANCE

1. What is a Balanced Budget? Under what conditions can a budget be allowed to remain unbalanced?

2. Examine the significance of budget as an instrument of economic policy.

3. Assuming a balanced budget to start with, explain the effects on the national income of (a) an increase in government expenditure resulting in a budget deficit and (b) an increase in government expenditure with a balanced budget again.

4. Explain the different ways in which a 'managed budget policy' may be used to reduce economic instability. Which, if any, of these ways would you advocate and why?

5. Distinguish between Private and Public Finance. Account for the growing importance of public finance in recent times.

6. Examine critically the principle of maximum social advantages as the cardinal doctrine of public finance. What are its limitations? Distinguish between progressive and proportional taxes. How are direct taxes made progressive?

7. What is meant by 'Functional Finance'? Discuss its usefulness in the formulation of fiscal policy in a developing economy.

8. What are the basic objectives of public expenditure in a developing economy?

9. Explain the main principles which should guide public expenditure in a growing economy.

10. Explain the causes of growth of public expenditure in modern times. Is this growth always justifiable?

11. Discuss how public expenditure influences production and distribution in various ways.

15. Distinguish between progressive and proportional taxation. Examine the limitations of progressive income taxation in an under-developed economy.

13. Examine the basic principles of progressive taxation and their impact on saving and investment.

14. What do you mean by Progressive Taxation? How can it help in ensuring the equitable distribution of national income?

15. Discuss the effects of taxation and public expenditure on the production and distribution with special reference to a developing country.

16. Outline a tax policy designed to promote the economic development of an under-developed country.

17. Do you agree that indirect rather than direct taxation will provide large public revenue needed in a developing economy?

18. Discuss the various canons of taxation and explain their importance in a tax-system.

19. What are the principles of taxation? Explain the difficulties involved in following these principles in practice.

20. Define tax. What are the characteristics of a good tax system?

21. What is the significance of "equity" in the principles of taxation? How is equity introduced in a tax system?

22. "Expenditure is a better index of ability to pay than income". Elucidate.

23. "The principle of equity necessarily implies least aggregate sacrifice for society". Discuss.

24. What do you understand by the Principle of Minimum Sacrifice? What is its usefulness and application in the theory of taxation?

25. What are the factors on which incidence of tax depends? Trace the incidence of estate duty and inheritance tax.

26. Distinguish between (a) Impact, (b) Incidence, (c) Effects of a tax. Briefly discuss the general principles determining the incidence of indirect taxes.

27. Distinguish between incidence and effects of taxation. Discuss the effects of the following taxes on distribution and production: (a) Excise duty on sugar, (b) Corporation Tax, and (c) Estate Duty.

28. Explain with the help of a diagram how a tax payer is better off with an income tax of an equal amount rather than a commodity tax.

29. Explain the principles governing the incidence of commodity taxation. Examine the conditions under which the price of a taxed commodity rises (i) by more than; and (ii) by less than the amount of the tax.

30. Discuss the incidence of the following taxes:—

(1) Expenditure Tax, (2) Export Duty on Tea, (3) Entertainment Tax.

31. Discuss carefully the nature and direction of the incidence of sales taxes, indicating the factors on which these depend.

32. What is 'incidence' of taxation? examine the incidence of income tax and excise duties.

33. Examine the effects of (a) 10% tax on all rents paid for the use of land, (b) a 5% tax on the value of all land and (c) a 5% on all urban land.

34. Distinguish between direct and indirect tax. Discuss their merits and demerits.

35. Discuss the importance of indirect taxation in a developing economy like India.

36. What is meant by taxable capacity? What factors determine it?

37. Public debt has a secular tendency to go up in every country. Discuss.

38. In what cases and in what manner is it proper for the government to raise loans?

39. State the objects for which public debt may be contracted. Describe the economic effects of public debt.

40. What are the principal methods of redeeming public debt? Explain their relative merits.

41. Distinguish between the burden of internal and external public debt. How would you deal with the problem of their repayment?

42. What do you understand by the burden of public debt? Can any generation shift the burden of public debt to future generations?

43. Discuss the effects of public debt on (a) money supply, (b) price level and (c) rate of interest.

44. Examine the relative merits of taxation and borrowing as methods of mobilising resources for development.

45. Discuss the comparative significance of taxation and borrowing as instruments for financing public expenditure in a developing economy.

46. Compare the effects of taxation and borrowing on production and distribution of wealth in a country.

47. Analyse the role of deficit financing in a programme of planned economic development.

48. Evaluate benefits and dangers of Public Debt. Under what circumstances would it be necessary to resort to deficit financing? What safeguards would you suggest to ensure that it does not produce adverse effects?

49. What is deficit financing? Discuss its role and limitations in the economic development of an under-developed country.

50. What is meant by Deficit Financing? Does it necessarily lead to inflation?

51. What is fiscal policy? Examine its objectives with reference to a developing economy.

ECONOMIC SYSTEMS

1. State the essential characteristics of capitalism and show in which respects capitalism is superior to socialism.

2. What are the essential characteristics of capitalists economy? How far can its evils be removed by planned economy?

3. What are the basic problems of every economy? How does a capitalist system of economy try to solve them?

4. Critically examine the concept of consumer's sovereignty. Is it desirable under present conditions?

5. Describe the evils of capitalism and explain in what way socialism seeks to overcome them.

6. How far is market mechanism effective in efficiently allocating the resources in a capitalist economy?

7. What are the main features of capitalism.? Discuss its merits and demerits.

8. What are the main features of 'socialism'? Discuss its merits and demerits.

9. Compare the economic role of the state in a socialist economy with its role in a capitalist economy.

10. Distinguish between capitalism and socialism. In what respects is socialism superior to capitalism?

11. How does a capitalist society differ from a socialist one? To what extent are the defects of both eliminated in a mixed economy?

12. Examine critically the case for 'socialism' as a system more conducive to the progress of society than capitalism.

13. What can be the incentives to production under a socialist economy? Can they be more effective than those under capitalism?

14. What do you understand by 'Mixed Economy'? Discuss its merits and demerits with reference to Indian conditions.

15. What are the basic features of a mixed economy? Illustrate with reference to India.

16. How does a mixed economy differ from both capitalism and socialism?

17. Discuss the merits and limitations of mixed economy.

ECONOMICS OF DEVELOPMENT AND PLANNING

1. Discuss the characteristics of under-developed economies.

2. Define economic growth. What are the main factors on which economic growth depends?

3. What do you understand by 'economic growth'? How could a steady rate of economic growth be maintained in a developing economy?

4. Explain the vicious circle of poverty. How does it check the growth of capital in a poor country?

Or

What do you understand by 'vicious circle of poverty'? How can it be converted into a beneficent circle?

5. "A country is poor because a country is poor". (Nurkse) Discuss.

6. "Population growth is not always an obstacle to the growth of per capita income". Discuss.

7. Discuss the factors that impede economic development.

8. In what way does the small size of a market inhibit economic development? Suggest measures for the enlargement of the size of the market.

9. What are the basic determinants of economic growth? How far are they present in India?

10. Comment on the Harrod-Domar model regarding economic growth. How far is it relevant to developing economy like India?

11. State and criticise the Theory of Balanced Growth.

Or

What do you mean by the concept of 'balanced growth'? Examine the desirability and capacity of the under-developed countries to follow the balanced growth path.

12. Analyse the case for and against balanced growth strategy for initiating economic development in developing countries.

13. Distinguish between 'Balanced Growth' and the 'Unbalanced Growth" as systems of economic development. Which one is more suitable for India?

14. Explain doctrine of unbalanced growth. Do you think it is a sound strategy for the growth of undeveloped countries?

15. What is self-sustained growth? Under what circumstances does it become possible?

16. Elaborate the role played by major factors in the stage of take-off into self-sustained growth. Has India reached the state of take-off?

17. Discuss in detail the various methods of internal resource mobilisation for economic development.

18. Examine the relative roles of taxation, borrowing and deficit financing in promoting economic development.

19. Discuss the role of capital formation in economic development.

Or

Discuss the possibilities of capital formation through the use of surplus manpower in under-developed countries and refer to the problems involved in this.

20. Explain and examine the statement that 'disguised unemployment' in over-populated peasant economies contains a hidden source of saving available for economic development.

Or

Give a precise definition of 'disguised unemployment'. Suggest ways by which economy can convert disguised unemployment into productive capital.

21. Examine the role of foreign Capital in the economic growth of an under-developed country.

22. Evaluate the role of foreign aid in economic development. Suggest measures for removing dependence on foreign aid.

23. What are economic arguments in favour of foreign aid?

24. Analyse the effect of monetary expansion on economic growth with reference to India.

25. Analyse the factors that determine the capital-output ratio in a country and discuss the limitations of the concept in planning for economic development.

26. Explain the difficulties that have to be faced in formulation of the investment criteria for a developing economy.

27. Discuss the uses and limitations of a policy of financing economic development through budget deficits.

28. How does the 'demonstration effect' hinder capital formation in under-developed countries? How can this handicap be overcome?

29. Comment on the role of fiscal policy in the development of an under-developed economy.

30. State and explain the various objectives of fiscal policy in a developing economy.

31. Describe the measures which could be taken to step up the rate of growth in an under-developed economy.

32. Discuss the role of the Public Sector in under-developed economies.

33. Examine the role of the government in the economic development of under-developed economies.

34. Give the salient features of planned economy. Describe the advantages and disadvantages of economic planning.

35. What are the objectives of economic planning? What conditions are essential for success of planning?

36. Make out a case for economic planning for an under-developed country. Discuss the importance of economic planning in a developing economy.

37. Distinguish between (a) "Planning by Direction" and "Planning by Inducement". (b) Which of the two would you prefer and why? Totalitarian planning and democratic planning.

38. Do you agree with the view that economic planning is incompatible with economic freedom?

Or

"Planning under capitalism is a contradiction in terms". Discuss.

39. Distinguish between physical planning and financial planning. How can they be co-ordinated in the formulation of a development plan?

40. What are the special problems of the mobilisation of resources for economic development in a mixed economy like ours? In this context evaluate the effectiveness of the major measures of resource mobilisation resorted to by our Plans.

41. Briefly discuss problems relating to the adoption of labour-intensive *vs.* up-to-date technology in the plans for economic development of an under-developed economy.

42. Write a short note on the use of capital-output ratio and its limitations in planning for economic development.

ECONOMIC WELFARE

1. What is economic welfare? To what extent can the study of economics help in the achievement of economic welfare?

2. What is meant by economic theory? Point out the relation between economic theory and economic policy.

3. "Economics is neutral between ends as such". Discuss the validity of this statement in a welfare state.

4. Clearly bring out the relation between positive economics and welfare economics.

5. Account for divergence between individual welfare and social welfare and offer suggestions for bringing about harmony between the two.

6. Lay down a few criteria relating to economic welfare.

7. Clearly define the welfare concept and mention the various assumptions on which it is based.

8. What are the obstacles in the way of welfare maximisation?

9. Briefly mention the conditions necessary to achieve maximum welfare.

10. Write notes on—

(a) Compensation Principle.

(b) Social Welfare Function.

11. Explain the concept of Economic Welfare. How is it affected by (a) size and (b) distribution of national income?

12. State and explain the necessary conditions of Paretian maximum of economic welfare. Are they sufficient conditions also?

13. Show that much of welfare economics remains valid even if it is assumed that individual behaviour lines are kinked.

14. How can criteria of economic welfare be framed in the absence of inter-personal comparability of utility?

15. Examine the use of the Principle of Compensation as a means of ascertaining changes in community's welfare.

16. Write short notes on:—

(a) The Hicks-Kaldor criteria in New Welfare Economics.

(b) Social Welfare Function.

(c) Social Transformation Function.

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