

1/EH-16 (i) (Syllabus-2017)

2 0 1 7

(October)

ECONOMICS

(Elective/Honours)

(**Introductory Economic Theory**)

Marks : 75

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

Answer **five** questions, taking **one** from each Unit

UNIT—I

1. What are the factors that determine price elasticity of demand? Explain the total outlay method for measuring elasticity of demand with illustration. 6+9=15

2. (a) Explain the concepts of (i) marginal rate of substitution (MRS) and (ii) budget line with the help of numerical example.

(b) What are indifference curves? Explain the properties of indifference curve with the help of suitable diagrams. 3+3+2+7=15

(2)

UNIT—II

3. (a) Briefly explain the relationship between marginal product and average product.
- (b) Explain the law of variable proportion with a diagram. What is the importance of the law in economic analysis? $4+8+3=15$
4. (a) Define average revenue and marginal revenue. Are they identical in different market conditions?
- (b) Derive the relationship between average revenue (AR), marginal revenue (MR) and price elasticity of demand. $3+4+8=15$

UNIT—III

5. (a) Define monopolistic competition. What are the features of monopolistic competition?
- (b) Explain the determination of price and output under monopolistic competition in the short-run. $2+5+8=15$
6. (a) Distinguish between contract rent and economic rent.
- (b) Explain the modern theory of rent with suitable diagram. How far is it an improvement over the Ricardian theory of rent? $3+8+4=15$

8D/11

(Continued)

(3)

UNIT—IV

7. Define National Income. Explain various methods or approaches of estimating National Income. $3+12=15$
8. Illustrate and explain the circular flow of income in a four-sector model. What are the leakages that are possible in such a model? $12+3=15$

UNIT—V

9. Explain how aggregate demand and aggregate supply determine the level of employment with illustration. 15
10. Critically examine the theory of investment multiplier as propounded by Keynes. 15

8D—8000/11

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