

**5/H-16 (v) (Syllabus-2017)**

**2023**

( November )

**ECONOMICS**

( Honours )

**( Advance Economic Theory )**

*Full 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. Show the decomposition of price effect for a fall in the price of good  $x$  using Slutsky approach. 15
2. Distinguish between strong ordering and weak ordering of preferences. Critically examine the Revealed Preference Theory. 5+10=15

**UNIT—II**

3. Verify the properties of a linear homogeneous production function using  $Q = AK^\alpha L^{1-\alpha}$ . 15

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4. What is Producer's equilibrium? Explain how a producer achieves equilibrium through least cost combination method. 3+12=15

**UNIT—III**

5. When is price discrimination possible? Explain the conditions under which price discrimination is profitable. 5+10=15
6. Assuming a Pareto-efficient situation, discuss the following with diagrams : 5+5+5=15
- (a) Efficiency in exchange
- (b) Efficiency of production
- (c) Efficiency in the product-mix

**UNIT—IV**

7. Discuss the cash balance approach to the quantity theory of money. Why is it considered superior to the cash transaction approach? 8+7=15
8. Explain various causes of inflation. What fiscal measures can be undertaken to control inflation? 8+7=15

**UNIT—V**

9. Critically discuss Keynes's view on trade cycle. 15

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10. Differentiate between balance of trade and balance of payments. What methods are employed to correct disequilibrium in the balance of payments? 5+10=15

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