

2019

(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. (a) What is price elasticity of demand? Explain the Arc method of measuring price elasticity of demand.
- (b) Explain the relationship between price elasticity of demand and the slope of demand curve. 3+5+7=15
- 2. What is indifference curve? Outline the assumptions of indifference curve analysis. Explain the properties of indifference curve with the help of a diagram. 2+3+10=15

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(Turn Over)

(2)

UNIT—II

- 3. State and explain the law of variable proportions. What are the assumptions of the law? 2+9+4=15
- 4. (a) Distinguish between average revenue and marginal revenue.
- (b) Explain why average cost curve is U-shaped in the short run.
- (c) Show the relationship among average revenue, marginal revenue and price elasticity of demand. 3+4+8=15

UNIT—III

- 5. Define perfect competition. What are the features of perfect competition? Explain the short-run equilibrium of a firm under perfect competition. 2+4+9=15
- 6. Discuss Knight's uncertainty bearing theory of profit. What are its limitations? 10+5=15

UNIT—IV

- 7. (a) Define national income.

(3)

- (b) Explain the following concepts of national income :
 - (i) GDP at factor cost and GDP at market price
 - (ii) NNP at factor cost and NNP at market price
 - (iii) Personal income and disposable income 3+(4×3)=15
- 8. (a) Explain the income method of measuring national income.
- (b) Describe the circular flow of income in a three-sector economy. 5+10=15

UNIT—V

- 9. What is effective demand? Explain how effective demand determines the level of employment in the economy. 3+12=15
- 10. What is multiplier? How is it different from the accelerator? Explain the working of multiplier. 3+3+9=15
