2 0 2 2

(February)

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. State the exceptions to the law of demand. Explain the point method for measuring price elasticity of demand. What are the factors determining price elasticity of demand? 3+6+6=15

2. What is indifference curve? Explain the properties of indifference curve with the help of diagrams. 3+12=15

UNIT—II

3. State and explain the law of variable proportions. In what stage, is it profitable for the producer to operate? Give reasons. 9+6=15

4. *(a)* Explain diagrammatically the relationship between average cost and marginal cost.

   (b) Explain the relationship between AR, MR and price elasticity. 6+9=15

UNIT—III

5. Define monopolistic competition. What are the features of monopolistic competition? Explain the short-run equilibrium under monopolistic competition. 2+5+8=15

6. Discuss the marginal productivity theory of wages. What are its limitations? 10+5=15

UNIT—IV

7. Define national income. Bring out the different concepts of national income and their interrelations. 3+12=15

8. Explain the concept of the circular flow of income. Describe in detail the circular flow of income in a two-sector economy and in a three-sector economy. 3+(5+7)=15

(3)

9. Critically discuss the classical theory of output and employment. 15

10. (a) Define Keynes' psychological law of consumption.

 (b) Explain the relationship between APC and MPC.

 (c) Prove that—

   (i) $APC + APS = 1$

   (ii) $MPC + MPS = 1$

   3+7+5=15

★ ★ ★