

2021

ECONOMICS— I

Third Paper

Full Marks : 80

The figures in the margin indicate full marks.

*Candidates are required to give their answers in their own words
as far as practicable.*

Answer **any five** questions.

1. State and explain the law of demand. What is price elasticity of demand? Discuss the factors affecting price elasticity of demand. 4+4+8
 2. Critically explain Robbin's definition of Economics. Also distinguish between wealth and welfare definition of Economics. 10+6
 3. Distinguish between law of Variable Proportions and law of Returns to Scale. Also state and explain the law of Variable Proportions. 6+10
 4. Explain the shapes of Average Cost, Average Variable Cost and Average Fixed Cost curves. Prove that marginal cost depends only on variable cost. Explain the interrelationship between MC and AC. 6+4+6
 5. Distinguish between money wages and real wages. Discuss the Marginal Productivity Theory of Wages. 4+12
 6. Define Rent. Distinguish between Rent and Quasi-rent. Critically explain Ricardo's Theory of Rent. 2+4+10
 7. Distinguish between Gross interest and Net interest. Briefly discuss the Liquidity Preference Theory of Interest. 6+10
 8. What are the features of perfect competition? Explain the short run equilibrium of a perfectly competitive firm. 6+10
 9. Distinguish between economic profit and accounting profit. Also discuss the arguments in favour of and against profit-maximisation objective. 8+8
 10. Write short notes on **any two** of the following: 8+8
 - (a) Factors affecting supply of a commodity
 - (b) Distinguish between Fixed Cost and Variable Cost and also between Explicit Cost and Implicit Cost
 - (c) Price Discrimination
 - (d) Collective bargaining
 - (e) Features of Capitalist economy.
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