

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

2022

(November)

ECONOMICS

(Honours)

(**Advance 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 price and income effects for normal goods? Explain Lancaster's approach to consumer theory. 7+8=15
2. Discuss the weak axiom of revealed preference theory. Explain how the demand function can be derived from the weak axiom of revealed preference theory. 5+10=15

UNIT—II

3. What is linear production function? Explain the main properties of the constant elasticity of substitution (CES) production function. 3+12=15

4. Explain the concept of iso-cost line. Explain how producer's equilibrium can be achieved through the output maximising combination method. 3+12=15

UNIT—III

5. Explain Cournot's model of duopoly. What are its limitations? 10+5=15
6. Give a critical appraisal of the Kaldor-Hicks compensation criterion. 15

UNIT—IV

7. Outline the Keynesian theory of money. Examine how far it is an improvement over the quantity theory of money. 5+10=15
8. Briefly explain primary and secondary functions of commercial banks. Explain the process of credit creation with a primary deposit of ₹1,000 and CRR of 10%. 8+7=15

UNIT—V

9. Critically discuss Hawtrey's theory of trade cycle. 15
10. What are the consequences of disequilibrium in the balance of payments? Examine the methods of correcting the deficit in the balance of payments. 15
