

HU3201

Indian Institute of Science Education and Research  
Kolkata

*End-semester Examination*

Introduction to Economics

10 May 2019

*Full Marks 50, Two hours thirty minutes*

Answer 1 and any six

1. Define or explain the following 2\*10
  - (a) Completeness of preference relation
  - (b) Indifference curve for perfect substitutes
  - (c) Inflation
  - (d) Income elasticity of demand
  - (e) GDP at constant price
  - (f) Direct tax
  - (g) Marginal cost
  - (h) Constant returns to scale
  - (i) Unemployment rate
  - (j) Disposable income
2. What are the properties of indifference curves? What is marginal rate of substitution? 3+2
3. Define marginal revenue. How is price elasticity of demand related to marginal revenue? 2+3
4. What is monopoly market structure? Explain the price and quantity determination of a monopoly firm. 2+3
5. Using budget line and indifference curves, explain the effect of price change of a good on consumer choice. Graphically show income and substitution effects. 5
6. What is third degree price discrimination? How is price elasticity of demand related to price in markets under third degree price discrimination? 2+3
7. Using a simple macro economic model, explain government expenditure multiplier and balanced budget multiplier. 5
8. Formulate the likelihood function for a probit model? 5
9. Explain international trade based on comparative advantage. 5
10. What are the determinants of demand for money? Explain the open market operation of RBI. 2+3

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