

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

Jyoti Karati Nandi