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**2017 NOV.**  
**PRINCIPLES OF ECONOMICS**

Time Allowed: Three Hours

Maximum Marks : 70

**Note:-** The candidates are required to attempt **two** questions each from Sections A and B carrying 10 marks each and the entire Section C consisting of 10 short answer type questions carrying 3 marks each.

**SECTION-A**

- [1] Prove that Price effect is a combination of Income effect and Substitution effect. 10
- [2] State and explain Law of Equi-Marginal Utility. Also explain the importance of the Law. 10
- [3] Define Price elasticity of Demand. How the price elasticity of demand is measured by different methods ? 10
- [4] What do you mean by Consumer's Equilibrium ? How it determined with Ordinal approach. 10

**SECTION-B**

- [5] State and explain Law of Variable Proportions. Also explain which stage is the stage of Production. 10

[6] Discuss the Relationship between Average Revenue, Marginal Revenue and also discuss how Elasticity of Demand is determined from its Mutual relationship. 10

[7] How Price and Output are determined under Monopolistic competition in the Short run period and Long run period? Explain. 10

[8] Explain the concepts of Pure and Perfect Competition. How the Price and Output of the firm are determined under it is in the Short run and Long run period ? 10

### SECTION-C

[9] Write short notes on the following : 10×3=30

- (i) Distinguish Utility and Satisfaction.
  - (ii) Why does the Law of Demand slope downward ?
  - (iii) What do you mean by Diseconomies of Scale ?
  - (iv) Define Income Elasticity of Demand.
  - (v) What is Kinked Demand Curve ?
  - (vi) What do you mean by Unitary Elastic Demand ?
  - (vii) Define Giffen Paradox.
  - (viii) How Production Costs are different from Selling Costs ?
  - (ix) Define Break even point.
  - (x) Explain the features of Monopoly.
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