

(4)

(h) Which one of the following assumptions is not correct for the revealed preference analysis?

(i) Consistency

(ii) Transitivity

(iii) Rationality

(iv) Weak ordering

2. Write short notes on any *four* of the following (within 150 words each) : $4 \times 4 = 16$

(a) Preference and utility

(b) Inter-temporal choice

(c) Properties of isoquants

(d) Cost functions

(e) Perfect competition vs. Pure competition

(5)

Answer the following questions :

3. (a) Write the meaning of 'utility maximisation'. Explain graphically the process of utility maximisation for the two-goods case. $4+8=12$

Or

(b) Write the utility functions. Explain the indirect utility functions. What are the differences between direct and indirect utility functions? $2+6+4=12$

4. (a) Write the meaning and differences between compensated and ordinary demand curves. Explain the Slutsky equation. $4+7=11$

Or

(b) Discuss the essence of the theory of choice under risk and uncertainty. 11

5. (a) What is the law of returns to scale? Discuss increasing, constant and decreasing returns to scale with the help of isoquant curve. $3+8=11$