

2012

[July]

**ECONOMICS****(Historical Perspective of Modern Economics-II)**

Full Marks: 37½; Time: 1½ hours

*Figures in the margin indicate full marks for the questions***Answer two and half questions, selecting at least one from each Credit****CREDIT-I**

1. Discuss the major axioms and the resultant paradoxes in the Neo-Classical Theory of Consumer's behavior. How does modern economics address those paradoxes? 8+7
2. (a). Discuss the theory of transaction costs. 7.5  
(b). Discuss the concept of the endogeneity of technological advancement. 7.5

**CREDIT-II**

3. What are the main tenets of the New Institutional Economics? How are they different from those of the Old Institutional School? 10+5
4. (a). Discuss the paradigm shift in modern economics from Physics as the role model to Biology as the role model. 7.5  
(b). Discuss the achievements of neuro-economics in understanding the process of economic decision-making. 7.5