

# **Nalanda Open University**

## **Department of Economics**

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- Course – BA Economics (Part –I)
- Paper – I (Micro Economics)
- Topic – Theory of Rent

# Definition of Rent (Classical)

- ‘Rent is the price paid for the use of Land’ by Carver
- ‘Economic rent is payment for the use of scarce natural resources’ by J. Oscar
- ‘Economic rent is that proportion of a landlord’s income which is attributed to his ownership of land’ by A. Murad

# Definition of Rent (Modern)

- ‘Rent is the difference between actual payment to a factor and its supply price or transfer price’ by Hibdon
- ‘Economic rent may be defined as any payment to a factor of production which is in excess to the minimum amount necessary to keep the factor in its present occupation’ by K. E. Boulding

# Types of Rent

- Economic Rent
- Gross Rent
- Contract Rent
- Scarcity Rent
- Differential Rent

# Ricardian Theory of Rent

- Prof. David Ricardo presented his Theory of Rent in his Book 'Principles of Political Economy and Taxation'
- 'Rent is the portion of produce of the earth which is paid to the landlord for the use of the original and indestructible power of the land' by Ricardo.