

GENERAL ECONOMICS

PAPER—III

Time Allowed : Three Hours

Maximum Marks : 200

QUESTION PAPER SPECIFIC INSTRUCTIONS

**Please read each of the following instructions carefully
before attempting questions**

There are SIXTEEN questions divided under THREE Sections.

The ONLY question in Section A is compulsory.

In Section B, SIX out of NINE questions are to be attempted.

In Section C, FOUR out of SIX questions are to be attempted.

Candidates should attempt questions/parts as per the instructions given in the Section.

The number of marks carried by a question/part is indicated against it.

Attempts of questions shall be counted in sequential order. Unless struck off, attempt of a question shall be counted even if attempted partly.

Any page or portion of the page left blank in the QCA Booklet must be clearly struck off.

Candidates are required to write clear, legible and concise answers and to adhere to word limits, wherever indicated. Failure to adhere to word limits may be penalized.

Answers must be written in ENGLISH only.

SECTION—A

1. Answer **all** of the following parts in about 100 words each :

5×6=30

- (a) What do you mean by optimal taxation?
- (b) Explain the concepts of existence value and user value of environment.
- (c) What is the Lerner's index and what is its value for perfectly competitive markets?
- (d) Explain product differentiation and state whether advertising can serve as a signal of quality of products.
- (e) What is the economic role of planning for market economies?
- (f) Distinguish between Revenue deficit and Fiscal deficit.

SECTION—B

Answer **any six** questions out of the following nine questions in about 200 words each :

15×6=90

2. Discuss the merits and demerits of recent 'Demonetization Policy' of India.
3. Examine the role and effectiveness of pollution taxes as environmental policy instrument.
4. What are contestable markets? What implications do they have for productive, economic and dynamic efficiency? Are contestable markets same as perfectly competitive markets?
5. Assess the impact of increasing International Trade on environment and sustainable development in the present era of globalization.
6. Explain the principles followed in taking public investment decisions.
7. "A goal without a plan is just a wish."
Discuss the above statement in the context of economic planning. Distinguish between Imperative and Indicative planning.

8. Why do firms wish to grow? Is there a case for small firms to continue to remain small?
9. Differentiate between Exhaustible and Renewable resources. How can these resources be managed for future sustainability?
10. Can markets be completely free? What are the compelling reasons for economic regulation in the market?

SECTION—C

Answer *any four* questions out of the following six questions in about 300 words each :

20×4=80

11. Discuss the operational problems in implementing the Goods and Services Tax (GST) in India.
12. Discuss the important indicators of sustainable development.
13. Calculate the monopoly and duopoly equilibrium values for output, price, profit and consumer surplus when the inverse demand function is $P = 50 - 2Q$ and the cost function is $C = 10 + 2q$, where Q is the industry output and q is the output of the firm. How will the results be different if each duopoly firm faces different cost functions instead of the same? What does increased competition do to the equilibrium outcomes?
14. "Balanced and unbalanced growth need not be conflicting and an optimal strategy of development should combine some elements of balance and unbalance." Discuss with reference to sectoral planning in India.
15. Distinguish between Common Property Resources (CPR) and Private Property Resources (PPR). Explain how the linkage between the two is important in the context of environmental management.
16. Discuss the meaning and determinants of 'barriers to entry'. Can barriers to entry exist for perfectly competitive markets? How can we justify the notion of barriers to entry within horizontal merger policy?

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