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 Sections.

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

Wherever any assumptions are made for answering a question, they must be clearly indicated.

Diagrams/Figures, wherever required, shall be drawn in the space provided for answering the question itself.

Unless otherwise mentioned, symbols and notations have their usual standard meanings.

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.

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 Question-cum-Answer (QCA) Booklet must be clearly struck off.

Answers must be written in **ENGLISH** only.

SECTION 'A'

1. Answer **all** the following parts in about 100 words each :   5×6=30

1.(a)   Differentiate bequest value and existence value with examples.   5

1.(b)   What is the rationale behind zero-based budgeting ?   5

1.(c)   Clarify why a monopolist does not have a supply curve.   5

1.(d)   Explain Laffer Curve with a diagram.   5

1.(e)   What are India's Green Growth Challenges ?   5

1.(f)   'The decentralized planning effectively reduces the regional disparities.' Substantiate your views.   5

SECTION 'B'

Answer any **six** questions out of the following **nine** in about 200 words each :   15×6=90

2.   'Collective actions by local communities can help to control the environmental degradation.' Explain.   15

3.   Give an account of the Theory of Contestable Market propounded by W. J. Baumol.   15

4.   Using suitable diagram, show that under monopoly, the consumer surplus is lower, but the producer surplus is higher than that of a perfect competitive market.   15

5.   'Patents grant monopoly power and hence necessarily reduce the short term and long term welfare of the economy.' Argue in favour or against the statement.   15

6.   Distinguish between institutions and organizations. How can they lead to path dependency ?   15

7.   Explain the doctrine of Environmental Kuznets curve with diagram. How does the sound environmental regulations shift the curve ?   15

8.   Discuss the significance of the Principle of Ability to pay in the context of justified equality in the payment of tax.   15

9.   Elucidate the importance of monetary policy in managing the public debt.   15

10.   Would you identify the expenditure to save the white tigers in India as use value ? Elaborate.   15

SECTION 'C'

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

20×4=80

11. Explain different categories of market-based instruments to control environmental pollution.

20

12. 'Market economy and development planning complement each other.' Elaborate your views on this.

20

13. Present the basic arguments and discussions of Kyoto Protocol and Paris Climate Agreements. Identify the status of the US in these agreements. What is carbon credit ?

20

14. 'The unskilled surplus labour is a source for increasing foreign exchange.' Substantiate.

20

15. Cost-Benefit Analysis has been developed to make expenditure decisions more appropriate. Explain the statement with your comments.

20

16. (a) 'Kinked demand hypothesis is not a theory of pricing, but a tool for explaining why is price sticky in oligopoly'. Discuss.

(b) A monopolist has two demand functions in two separate markets. They are :

$$P_1 = 80 - 5Q_1 \qquad\qquad P_2 = 170 - 20Q_2$$

If the marginal cost of the monopolist is ₹10 and his fixed cost is ₹50, find the equilibrium prices and quantities in the two markets. How do they change if the fixed cost changes to ₹100 ?

8+12=20

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Answer any four questions out of the following six in about 300 words each :
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11. Explain different categories of market-based instruments to control environmental pollution.
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12. "Market economy and development planning complement each other". Elaborate your views on this.
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13. Present the basic arguments and discussions of Kyoto Protocol and Paris Climate Agreements. Identify the status of the US in these agreements. What is carbon credit?
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14. "The unskilled surplus labour is a source for increasing foreign exchange." Substantiate.
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15. Cost-Benefit Analysis has been developed to make expenditure decisions more appropriate. Explain the statement with your comments.
20

16. (a) "Kinked demand hypothesis is not a theory of pricing, but a tool for explaining why is price sticky in oligopoly". Discuss.

(b) A monopolist has two demand functions in two separate markets. They are

$$P_1 = 50 - 5Q_1 \qquad P_2 = 170 - 20Q_2$$

If the marginal cost of the monopolist is ₹10 and his fixed cost is ₹50, find the equilibrium prices and quantities in the two markets. How do they change if the fixed cost changes to ₹100?
8+12=20