

A-JFT-M-FDPC

GENERAL ECONOMICS III

Time Allowed : Three Hours

Maximum Marks : 200

INSTRUCTIONS

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

There are Fifteen questions divided under three Sections.

The only question in Section A is compulsory.

In Section B, Ten out of Eleven questions are to be attempted.

In Section C, Two out of Three 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.

All parts and sub-parts of a question are to be attempted together in the answer book.

Attempts of a part/question shall be counted in chronological order. Unless struck off, attempt of a part/question shall be counted even if attempted partly.

Any page or portion of the page left blank in the answer book must be clearly struck off.

Answers must be written in ENGLISH only.

SECTION A

(Answer all the eight parts of the following question. Answer to each part should be in approximately 50 words.)

1. Write short notes on the following : 5×8=40
- (a) Wiseman – Peacock Hypothesis
 - (b) Transfer and Non-transfer expenditure
 - (c) Debt – Nature Swap
 - (d) Pollution Haven Hypothesis
 - (e) Contingent Ranking
 - (f) Social Problem with Monopoly
 - (g) Concentration Ratio
 - (h) Democratic Planning

SECTION B

(Answer any *ten* of the following questions. Each answer should be in about 150 words.) 12×10=120

2. "Canons of public expenditure reflect the philosophy of a judicious use of public funds."
In the light of the above, what are the canons of public expenditure ? Can deficit budgeting render any positive response ? 12

3. Critically examine the "Cost-of-Service Approach" in Taxation. Do you think that it is feasible in a democratic country like India ? 12

4. "The U.S. tax system, like that of any other country, has developed in response to many influences — economic, political and social. It has not been constructed by a master architect in line with the optimal requirements for a good tax structure. Yet, ideas about what constitutes a good tax system have had their influence." In this context, what are the requirements for a "Good" tax structure in India ? 12

5. What is meant by the term 'property rights' ? If a person owns the property rights, what powers are conferred by those rights to ensure efficient allocation ? 12

6. Distinguish between weak sustainability and strong sustainability paradigms. Which of the two approaches is ecologically sensitive ? 12

7. What is a market failure ? Give an example of environmental market failure. Also, explore most prominent causes of market failure for environmental assets. 12
8. Describe different methods used for estimating the impact of Global Warming. "Many of the methods focus on long term equilibrium rather than short term adjustments." What is the reason ? 12
9. Why are both industry and firm demand curves downward sloping in monopoly markets ? 12
10. Elaborate the economic effects of countervailing power and give examples of markets in which countervailing power is observed. 12
11. How does the Stackelberg equilibrium model differ from the Cournot's model ? Elaborate the price and output determination of these models. 12
12. "Economic planning limits the economic freedom of the individual to some extent but it does not limit it more than an unplanned market economy does." Give your view with suitable logic on above statement. 12

SECTION C

(Answer any two of the following questions in about 250 words each.) *20×2=40*

13. (a) What are the limitations of legal measures of environmental protection ?
- (b) Discuss different evaluative criteria for judging economic incentives.
- (c) What conditions are required when economic incentives are used for effective environmental protection ? 20
14. Examine the predictions of perfect competitive market model in
- (a) a shift in the market demand.
- (b) a shift in the costs following changes in factor prices.
- (c) imposition of a tax by the government. 20
15. "Without a proper planning method, planning would have the significance simply of a stabiliser, ironing out fluctuations." In the light of the above statement, what prior conditions can be set forth for effective planning in a developing country like India ? 20