QUESTION PAPER SPECIFIC INSTRUCTIONS

(Please read each of the following instructions carefully before attempting questions)

There are EIGHT questions divided in two Sections and printed both in HINDI and in ENGLISH.

Candidate has to attempt FIVE questions in all.

Question Nos. 1 and 5 are compulsory and out of the remaining, THREE are to be attempted choosing at least ONE question from each Section.

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

Answers must be written in the medium authorized in the Admission Certificate which must be stated clearly on the cover of this Question-cum-Answer (QCA) Booklet in the space provided. No marks will be given for answers written in medium other than the authorized one.

Word limit in questions, wherever specified, should be adhered to.

Graphs/illustrations, wherever required, may be drawn/given in the space provided for answering the question itself.

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 Booklet must be clearly struck off.
1. \begin{enumerate}
\item Answer the following questions in about 150 words each:
\begin{enumerate}
\item Explain the backward sloping supply curve of labour as a choice between income and leisure.
\item Under perfect competition, in the short run, find out graphically, without using average cost curve, the conditions in equilibrium for the existence of (i) normal profit, (ii) supernormal profit and (iii) loss.
\item State Okun's law and find out the expectations-augmented Phillips curve.
\item "If the interest elasticity of demand for money is low, the monetarists could predict the real GNP simply by the use of money supply." Explain this statement.
\item Explain repo rate and reverse repo rate. How do changes in the repo rate affect EMIs of borrowers?
\end{enumerate}
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2. \begin{enumerate}
\item In what way Kaldor's model of income distribution is basically a Keynesian theory?
\item Explain how Nash equilibrium provides a solution to the problem of strategic interdependence among firms in an oligopolistic market.
\item How is Kaldor-Hicks compensation principle an improvement over Pareto optimality criterion? What are Scitovsky's views in this regard?
\end{enumerate}
3. (a) “तर्कसंगत प्रत्येककारां को परिक्रमण के अन्तर्गत मुद्दावश्चित मौद्रिक नीति निध्यानस्थीत होगी।” एक उपयुक्त मॉडल की सहायता से इस कथन को स्पष्ट कीजिए।

“Under rational expectations hypothesis, systematic monetary policy will be ineffective.” Explain this statement using a suitable model.

(b) दरबारी की नित्यधारी ध्वस्तता में अन्तिम अंतर्भावारी के क्षेत्र में तर्कसंगत अंतर्भावारी न होने और न ही प्रयास है।

Show that liquidity preference is neither necessary nor sufficient for the existence of involuntary unemployment in Keynesian system.

(c) मुद्रा आयतन के एक भाग के वर्धित और दूसरे भाग के अंतर्भाव होने की दशा में मुद्रा गुणक की लघुत्तमत कीजिए।

Derive money multiplier when a part of money supply is exogenous and the other part is endogenous.

4. (a) किसी अर्थव्यवस्था में निरस्त मुद्रास्फीति बने रहने की दशा में, केन्द्रीय बैंक (i) आरक्षित अनुपातों, (ii) बैंक दर तथा (iii) खुले बाजार की क्रियाओं में क्या-क्या परिवर्तन करेगा?

In the event of persistent inflation in an economy, what changes the Central Bank will bring about in (i) reserve ratios, (ii) bank rate and (iii) open market operations?

(b) “महापिष्कियों के अर्थव्यवस्था पर धनात्मक और क्रांतिकारी होना का प्रभाव पड़ते हैं।” इस कथन की व्याख्या कीजिए और भारत के अनुमोदन के द्वारा अपने उत्तर को सीमाहरु समझाएं।

“Subsidies have both positive and negative impacts on the economy.” Explain this statement and illustrate your answer with Indian experience.

(c) रेजर्व बैंक की नींव की दिशायों में श्रमिकों के मुद्रा भ्रम का अर्थ और उसकी सार्थकता को समझाएं।

Explain the meaning and significance of money illusion on the part of workers in the Keynesian theory of employment.

खण्ड—B / SECTION—B

5. निम्नलिखित में से प्रत्येक प्रश्न का उत्तर लगभग 150 शब्दों में दीजिए :  

Answer the following questions in about 150 words each : 10x5=50

(a) क्या आप यह समझते हैं कि हैड्ड की अस्थित्व-समस्या की जड़ में मज़दूरी-कीमत अनन्यता का अभिव्यक्ति स्थित है? अपने उत्तर के पक्ष में तर्क दीजिए।

Do you think that the root of Harrod's instability problem lies in the assumption of wage-price rigidity? Give arguments in favour of your answer.

(b) ‘विप्रजनतारिय संस्कृति’ क्या है? व्यापार नीति मध्यकों के माध्यम से इसकी रोकथाम कैसे की जा सकती है?

What is ‘immiserizing growth’? How can it be prevented through trade policy interventions?
How does carbon trading help in reducing environmental degradation?

How do depreciation and appreciation in the external value of a currency impact a country's balance of payments?

“Balanced and unbalanced growth strategies are not substitutes but complementary to each other.” Explain this statement.

In the context of a two-country model, derive foreign trade multiplier and explain its working. What will be its repercussion?

Distinguish between Monetary union and Economic union. Do the proliferating trading blocks adversely affect the free trade in the world? Give reasons for your answer.

What are the advantages and disadvantages of capital mobility for developing countries?

“As long as the substitution possibilities between foreign and domestic resources are limited, the dual-gap analysis is relevant.” Critically examine this statement.

In an economy having two sectors, namely, goods-producing sector and Research and Development (R & D) sector, prove with the help of new growth theory that (i) both capital and aggregate output must grow at the same rate and (ii) per capita output must grow at the rate of growth of technology.

What is indicative planning? In this context, explain how State and markets can play a synergetic role in economic development.
8. (a) What do you mean by ‘green accounting’? Discuss how this concept can be incorporated in national income accounting.

(b) Discuss the role of renewable energy resources in order to maintain environmental sustainability with special reference to India.

(c) “Global warming will certainly increase the cry of the earth and the cry of the poor.” In this context, examine the international efforts to reduce global warming.