

# GENERAL ECONOMICS-III

## 2011

Time Allowed : Three Hours

Maximum Marks: 200

### INSTRUCTIONS

The question paper consists of three Sections. Candidates should attempt FIVE parts of the question in Section I, SEVEN questions from Section II and TWO questions from Section III.

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

The number of marks carried by each question is indicated in each Section.

Answer must be written only in ENGLISH.

Any assumptions made for answering a question must be mentioned clearly.

### SECTION I

Attempt any nine parts of the following question. Answer to each part should be of approximately 50 words. 5x9=45

1. Write short notes on any nine of the following in about 50 words each:

- (a) Gandhian Approach to Decentralised Planning
- (b) Revenue and Fiscal Deficits
- (c) Laffer Curve
- (d) User and non-user values
- (e) Hedonic values and prices
- (f) Tradable Permits
- (g) S-C-P Paradigm
- (h) Internal Rate of Return Method of Project Analysis
- (i) Contestable Markets
- (j) Rationale of kinked demand curve
- (k) Shadow prices of investment

## SECTION II

Attempt any seven of the following questions. Each answer is to be in about 150 words. 15x7=105

2. Discuss the different measures of market concentration. Is there any relation between concentration and monopoly power?
3. What are the requirements for a good tax structure? Discuss how far the Benefit Tax principle fits with these criteria.
4. Explain salient differences between the conventional National Accounting System and the Integrated Environmental and Economic Accounting System.
5. Explain the growth theory of a firm given by Robin Morris. How does the rate of profit control the growth of a firm ?
6. Discuss the travel cost method of assessing the environmental value of a tourist site and the problems associated with this approach.
7. Explain the rationale for Government intervention in a market-oriented economy. What economic role is the Government expected to perform in such an economy?
8. Distinguish between Internal and External Public Debt. In this context, explain the debate on burden of Public Debt.
9. Discuss how the equilibrium under a monopolistically competitive market differs from that under a perfectly competitive market. Which type of market is mostly observed in reality and why ?
10. Distinguish between common property and open access resources in terms of property rights issues. Do you think that the term "Tragedy of Commons" should be replaced, with the term "Tragedy of Open Access" ? Explain your answer.

## SECTION III

Attempt any two of the following questions in about 300 words each. 25x2=50

11. Distinguish between the concepts of 'market structure' and 'market conduct'. What are the various methods/dimensions by/in which market structure can be measured? 25
12. (a) Explain the determination of equilibrium price and output of a firm under monopoly. Under which conditions there could be price discrimination? 17  
 (b) How is equilibrium determined in a duopoly market according to Stackelberg's hypothesis? Critically examine. 8
13. (a) Distinguish between a pure public good and a pure private good. How does a demand curve for a public good differ from that of a pure private good? Give your answer with the help of appropriate diagram(s), 15  
 (b) Critically examine the role of decentralised planning in ensuring people's participation in local resources management. 10