Civil Services (Main) Examination, 2005

ECONOMICS

(Paper I)

Time Allowed : Three Hours | *Maximum Marks : 300*

QUESTION PAPER SPECIFIC INSTRUCTIONS

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

There are **EIGHT** questions divided in **TWO SECTIONS**.

Candidate has to attempt **FIVE** questions in all.

Questions no. **1** and **5** are compulsory and out of the remaining, any **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.

SECTION 'A'

1. Answer any THREE of the following questions. Each answer should not exceed 200 words: 20×3=60

(a) What is meant by oligopoly? In what respects is it different from other forms of market? Show that an oligopolist may face a kinked demand curve.

(b) What is inflation? Is cost-push an adequate explanation of inflationary process?

(c) Explain Keynes' Absolute Income hypothesis. Give a critical evaluation of this theory.

(d) Elucidate the concept of Social Welfare Function. Critically examine this approach.

2. Describe the fiscal and monetary policies of economic stabilization. Make a comparative analysis of their effectiveness in developed and developing economy. 60

3. "In the Keynesian system, aggregate demand determines the conditions of labour market, whereas in the classical system, the labour market takes care of itself." Explain this statement. 60

4. "Marginal Productivity Theory of Income Distribution is analytically sound but in real life equally inapplicable." Discuss this statement. 60

SECTION 'B'

5. Answer any THREE of the following questions. Each answer should consist of not more than 200 words 20×3=60

(a) Explain how Neo-Classical growth theory removes the rigidity in Harrod-Domar growth model in explaining the growth process.

(b) Discuss critically the role of International Monetary Fund in imparting stability in international monetary system.

(c) Examine the efficacy of HDI as indicator of human welfare.

(d) Give salient features of WTO Agreement in relation to agriculture. In this context explain the concept of TRIPS.

6. Examine the effects of quota and tariffs on terms of trade. Discuss the advantages of quota over tariffs in the present day context. 60

7. Do you agree with the 'Limits to Growth' thesis? Is it relevant in the context of developing economies? In this context discuss the concept of sustainable development. 60

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8. Discuss the factors responsible for increasing government expenditure. In this context evaluate the Wagnar's law and Peacock-Wisemen hypothesis as explanations of growing public expenditure. 60

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