Civil Services (Main) Examination, 2007

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 the backward rising input supply curve? Illustrate with the help of suitable example.

(b) With the help of suitable diagram, elaborate Cournot Model. What is the significant of reaction curve in the model?

(c) What are the different kinds of disequilibrium in balance of payment? Suggest some measures to solve the problem of structural disequilibrium in balance of payments.

(d) What are the desired structural changes required for achieving the objective of economic development.

2. "Welfare Economic is a branch of economic theory which provides a theoretical framework for optimum use of resources". In the Light of above statement, examine the main areas of welfare economics 60

3. Outline the Keynesian theory of money and interest. What is the role of expectation in the theory of determination of rate of interest? 60

4. "The adjustment to a tax imposition not only affects the distribution of tax burden but also bears upon the efficiency of resource use in the private sector". Substantiate the statement highlighting the role of taxation policy in improving allocation efficiency in economy 60

SECTION 'B'

5. Answer any three of the following questions. Each answer should not exceed 200 words 20×3=60

(a) "The Ministerial Declaration adopted at Hon Kong addresses some of the concerns of developing countries related to agriculture". Comment upon the statement. What were the time frames and targets in specific areas decided in the declaration?

(b) Discuss the Lewis Model of economic growth. Do you think the model is applicable to the Indian Development progress?

(c) "Under the flexible foreign exchange rate scenario devaluation has become redundant". Comment upon the statement.

(d) Explain Sustainable development.

English version compiled from published transcriptions and cross-checked across sources; not a facsimile of the official UPSC question paper.

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6. "Heckscher-Ohlin theory does not invalidate the classical theory of comparative cost but rather powerfully supplements it". Substantiate the statement 60

7. What are the human development indices used for international comparison of status of development? Elaborate the methodology used for developing Human Development Index 60

8. "With the change in economic policies, relative role of market and state also change". Do you agree with the statement? Illustrate your answer with the help of suitable examples 60

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