अर्थशास्त्र
प्रश्न-पत्र—I
ECONOMICS
Paper—I

समय : तीन घंटे
Time Allowed : Three Hours

प्रश्न-पत्र सम्बन्धी अनुदेश

प्रश्नों के उत्तर देने से पहले निर्धारित प्रत्येक अनुदेश ध्यानपूर्वक पढ़ें।
कुल आठ (8) प्रश्न दो खण्डों में लिखे गए हैं तथा यह हिंदी एवं अंग्रेजी दोनों भाषाओं में छपे हुए हैं।
परीक्षार्थियों को कुल पांच प्रश्नों के उत्तर देने हैं।
प्रश्न क्रमांक 1 एवं 5 अनिवार्य हैं। शेष प्रश्नों में से प्रत्येक खण्ड से कम से कम एक प्रश्न चुनने हुए तीन प्रश्नों के उत्तर देने हैं।
प्रत्येक प्रश्न/भाग के अंक प्रश्न के अंत में सूचित हैं।
प्रश्नों-पत्र में प्रश्न-पत्र में प्रत्येक प्रश्न के अंत में सूचित है तथा यह व्यवस्थित (Question-cum-Answer) पुस्तिका में निर्धारित जगह पर उत्तर देने का आवश्यक है। प्रश्न-पत्र में अलग अलग भाषाओं में लिखे गए उत्तरों को अंक नहीं दिया जायेगा।
प्रश्नों के उत्तर निर्धारित किए गये शाखा संख्या के अनुसार होना चाहिए।
ग्राफ/विश्लेषण, जहाँ ज़रूरी हो, प्रश्न के माध्यम से उत्तर देने के लिए निर्धारित जगह पर उत्तर करना/देना है।
प्रश्नों के उत्तर क्रमिक बिन्यास में लिखे जायेंगे। नहीं काटे गए प्रश्न के उत्तर की भी गिनती में लिया जायेगा यद्यपि उसके उत्तर आशिक रूप में लिखे गए हों। उत्तर-पुस्तिका में कोई पन्ना या पन्ना के अंश अगर धारित हैं तो उसे/उन्हें स्पष्ट रूप से काट देना ज़रूरी है।

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 no. 1 and 5 are compulsory and out of the remaining, THREE are to be attempted choosing at least ONE 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.
Graph/illustrations, wherever required, may be drawn/given in the space provided for answering the question itself.
Attempts of questions shall be counted in chronological 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 answer book must be clearly struck off.
Q. 1(a) Consider a perfectly competitive exchange economy with no production, and two different goods 1 and 2. Let $p_1$ and $p_2$ be the prices of the goods. The economy is populated by two people A and B. A’s initial endowment of the two goods is given by $(w^1_A, w^2_A)$, and B’s initial endowment is $(w^1_B, w^2_B)$. A can choose any bundle $(x^1_A, x^2_A)$ and B can choose any bundle $(x^1_B, x^2_B)$. In this pure exchange economy write out the conditions for a Walrasian equilibrium. Show that for such an economy for any equilibrium set of prices that the absolute price level is indeterminate.

Q. 1(b) Kaldor in his theory of distribution argues, unlike Kalecki, that it is not reasonable to neglect the constraint of labour shortage, and analyse a situation of full employment. Show how investment and savings propensities determine distributive shares in the Kaldor approach. Suppose that investment is not exogenous as in Kaldor’s original model but that it varies with profits. What does this mean for the stability of the Kaldor model of distribution?

Q. 1(c) Explain the determination of output and employment in a macroeconomy under the conditions when individuals are subject to (i) no money illusion, (ii) money illusion.
Q. 1(d) An individual finds that all his receipts (including income) and payment transactions are in the form of money that bears no interest. However, he can convert money into bonds and earn interest income but that involves a fixed cost of each conversion transaction. What are the determinants of the individual's demand for holding money?

Q. 1(e) Suppose an industry is characterized by the following three conditions: (i) there are a large number of small firms, each producing a differentiated product and facing a downward sloping demand curve; (ii) each firm ignores the effects of its actions on the decisions taken by other firms; and (iii) new firms producing close substitutes for the product of the existing firms can enter the industry. Then, derive the equilibrium conditions of an individual firm and of the industry.

Q. 2(a) Under Bertrand price competition with homogeneous products in an oligopoly demonstrate how is the equilibrium price that will prevail arrived at?

Q. 2(b) Let the market demand curve for carbonated water be given by \[ P = 20 - \frac{9Q}{2} \] where \( P \) is the price and \( Q \) is the market output. Let there be two firms producing carbonated water, each with a constant marginal cost of INR 2, or \( c_1 = c_2 = 2 \). What is the market equilibrium price and quantity when each firm behaves as a Cournot duopolist? What are the firms’ profits? What is the market equilibrium price and quantity when each firm behaves as a Bertrand duopolist? What are the firms’ profits?
Q. 3(a)  एक प्रत्याशित वास्तविक मुम्बूरी के आधार पर जब कर्मचारक श्रम प्रदान करते हैं तब अर्थव्यवस्था में उत्पादन का समय-पूर्व कैसे निर्धारित होता है? मान लीजिए, समय-मॉडंग एवं पूर्व पिचकित एवं उत्पादन के स्वभाविक दर के नीचे है। जब अर्थव्यवस्था इस प्रकार की स्थिति में हो तब व्या नये निर्मित मुक्तशास्त्री किसी विशेष नीति प्रभावण के लिए व्यक्त करें?

If workers supply labour on the basis of an expected real wage, how is the aggregate supply of output determined in the economy? Suppose aggregate demand and supply are below the natural rate of employment and output. Would the New Classical economists advocate any particular policy intervention when the economy is in such a situation?

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Q. 3(b) केन्द्रीय बैंक के प्रमुख लक्ष्य क्या हैं? वे कौन-से साधन हैं जिनके द्वारा केन्द्रीय बैंक विशेष अर्थव्यवस्था में तरलता का व्यवस्थापन करते हैं एवं वह कैसे इसके लक्ष्यों को प्राप्त करने हेतु उन साधनों का उपयोग करते हैं?

What are the main goals of a central bank? What are the instruments by which the central bank manages the liquidity in the financial system and how does it use these instruments to achieve its goals?

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Q. 4(a) पण्यद्रम्य (commodities), सुदा, बोंड्स एवं श्रम विषयी इन चार विषयांमध्ये आयर्षिक पारस्परिक क्रिया की परिणतियां की माध्यम में समस्त अर्थशास्त्र साधारणत: उपायमान है। इन चार विषयांमध्ये केन्द्रीय तीन पर संपूर्ण अर्थशास्त्री केन्द्रीय भूमा किये हैं? संपूर्ण अर्थशास्त्रीय ध्रुव कर में व्यावहारिक विनाश नीति कौन-सी विषयी में केन्द्रीयकृत है एवं कैसे व्यावहारिक विनाश होता है? नव-विनाशित संस्थापण कौन-सी तीन विषयांमध्ये केन्द्रीय भूमा कर रहे हैं?

Macroeconomics is usually approached via the outcomes of economic interaction in the following four markets — commodities, money, bonds, and labour markets. The Classical economists focused on which three of these four markets? In which market does the loanable fund theory of interest rate determination of the Classical economists focus and how is the interest rate determined? The Neo Classical synthesis focuses on which three markets? In which market is the interest rate primarily determined in the liquidity preference theory?

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Q. 4(b) सन् 2003 से सन् 2008 तक भारत सहित अनेक उद्योग के अर्थव्यवस्थाओं ने विशाल पूंजी प्रवाह प्राप्त किये हैं। इन प्रवाहों के प्रभाव को संयम करने के लिए केन्द्रीय बैंक ने प्रवाहों को निष्कर्षित किया है। निष्कर्षित कार्य क्या है एवं अर्थव्यवस्था में वह मुद्रा के प्रवाह को कैसे प्रभावित करता है?

After 2003 till 2008 many emerging economies including India received huge capital inflows. To contain the effect of these flows the central bank sterilized the inflows. What is sterilization and how does it affect the supply of money in the economy?

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SECTION—B

Q. 5(a) लोक वित्त के तीन मौलिक लक्ष्य क्या हैं? क्या नीति के एक संरचनात्मक आकार में इन लक्ष्यों को समन्वित किया जा सकता है अथवा वे सर्विस ही संरचना में रहते हैं?

What are the three basic goals of public finance? Can these goals be coordinated into an overall pattern of policy or are they always in conflict?

Q. 5(b) अन्तर्राष्ट्रीय व्यापार में अर्पण वक बना है? दो देशों दो सामग्री में व्यापार में संबंध हैं, अर्पण वकों का अंकन कीजिए जिसमें गुड़ देश के अर्पण वक में एक भाग अलोचनात्मक आयात मांग प्रस्तुत है एवं विदेशी देश के अर्पण वक संपूर्ण लोकचार है। अपने चित्र में सुचित करें कि गुड़ देश के अर्पण वक का कौन-सा भाग अलोचनात्मक है? अर्पण वक के इस आकार के लिए कारण क्या है? मानें लें कि गुड़ देश आयात पर जुल्का का अभियोजन करता है। व्यापार हेतु निर्दिष्टतावाद प्रकट कीजिए।

What is an offer curve in international trade? For two countries engaged in trade in two goods, draw the offer curves such that the offer curve of the home country has a section reflecting inelastic import demand and the foreign country’s offer curve is elastic throughout. Indicate in your diagram which part of the home country’s offer curve is inelastic. What is the reason for this shape of the offer curve? Suppose the home country imposes a tariff on imports. Demonstrate the implications for trade.

Q. 5(c) विकासशील देशों के लिए व्यापार नीति के समृद्ध में व्यापार आशावादी एवं व्यापार निराशावादी के प्रमुख तक्ष्य का सार-संक्षेप लिखिए। आंकड़े कौन-से तक्ष्य का समर्थन करते हैं?

Summarize the main arguments of the trade optimists and trade pessimists with regard to trade policy for developing countries. Which argument does the data tend to support?

Q. 5(d) कृषि विभाग में सरकारी हस्तक्षेप का समर्थन करने वाले पाँच कारण बताइये।

State five reasons that support government intervention in agricultural markets.

Q. 5(e) असमानता एवं विकास की कूटनीति परिकल्पना हेतु निम्न तीन व्याख्याओं को प्रस्तुत कीजिए—(i) दल (Cohort) आकार परिकल्पना, (ii) असमानता पर खुलेपण का प्रभाव, एवं (iii) परिकल्पना के सबक बनाम दूरबाह्य व्याख्या।

Expand on the following three explanations for the Kuznets hypothesis about inequality and development—(i) the cohort size hypothesis, (ii) the effect of openness on inequality, and (iii) the strong versus the weak version of the hypothesis.
Q. 6(a) Suppose a given yield of tax is to be obtained from an excise on a particular product in a perfectly competitive industry. If the objective is economic efficiency the government would prefer that tax which obtains the desired yield with a lesser increase in the price. Should the government impose a unit tax or an ad valorem tax if the objective is that they should both impose the same burden at the initial price before the imposition of the tax? Demonstrate your answer with a diagram.

Q. 6(b) What is rent seeking? Consider a proposal by a government to levy a proportional tax on income so as to subsidize the consumption of a good. The proportional tax at a rate \( t \) reduces the wage received to \( w(1 - t) \) which with a standard upward sloping supply of labour curve will reduce the hours of labour worked from say \( L_2 \) to \( L_1 \). The net income of the person falls and tax revenue will be \( twL_1 \). This is transferred as a subsidy which reduces the price of the subsidized good from \( P \) to \( P - S \) and increases the quantity demanded from \( Q_1 \) to \( Q_2 \). What is the valuation of the subsidy by the recipient? Is it equal to the value of taxes paid to finance the subsidy? If the tax payer decides to devote resources to rent seeking to forestall the policy to subsidize the good and the subsidy recipient is also willing to devote resources to encourage the adoption of the policy, who will have the advantage in the rent seeking context?
Q. 7(a) Suppose the goods, financial, current account and foreign exchange markets are initially in equilibrium. The economy has low or imperfect capital mobility and operates at a fixed exchange rate. The economy is subject to a favourable demand shock that raises expenditure. What is the outcome of the shock on the aggregate income and interest rate in the short-run? How is the balance of payments equilibrium achieved? Draw a diagram in support of your answer.

Q. 7(b) What is a speculative attack on a currency? Suppose the economy has a fixed exchange rate and the government is following an expansionary macroeconomic policy. The government increases the budget deficit which it finances through a monetary expansion. How does this lead to a crisis? What is the timing of the speculative attack?

Q. 8(a) Explain the Lewis model of structural change from an agricultural economy to a modern industrial economy. State three major criticisms of the Lewis model.

Q. 8(b) It is said that a characteristic of the Harrod-Domar model is that even for the long run the economy is at best balanced on a knife-edge of equilibrium growth. Explain the Harrod-Domar model and the reason for this characteristic.

Q. 8(c) What are the two key conclusions of the Heckscher-Ohlin model of international trade? Under what assumptions are these conclusions arrived at?