

# GENERAL ECONOMICS II

[ Time Allowed .: Three Hours | | Maximum Marks: 200 |

## QUESTION PAPER SPECIFIC INSTRUCTIONS

*Please read each of the following instructions carefully before attempting questions.*

*There are Fifteen questions' divided under three Sections.*

*The only question in Section A is compulsory.  
In Section B, Ten out of Eleven questions are to be attempted.*

*In Section C, Two out of Three questions are to be attempted.*

*Candidates should attempt questions/parts as per the instructions given in the Section.*

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

*All parts and sub-parts of a question are to be attempted together in the answer book.*

*Attempts of a part/question shall be counted in chronological order. Unless struck off, attempt of a part/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*

*Answers must be written in ENGLISH only.*

(Contd.)

## Section 'A'

(Attempt all the *eight* parts of the question in about 50 words each) : 5x 8=40

1. Elaborate the following:
  - (a) 'Supply creates its own demand'.
  - (b) Option contract and Future contract.
  - (c) High Powered Money.
  - (d) New Keynesian Phillips Curve.
  - (e) Absorption and Elasticity approaches .
  - (f) Trade Creation and Trade Diversion.
  - (g) Capability Poverty and Human Poverty.
  - (h) Gilt edged security market. .

## Section 'B'

(Answer any *ten* of the following questions in about 150 words each) : 12.x 10=120

2. "Speculations may do no harm as bubbles on a steady stream of enterprise, but the position is serious when enterprise becomes the bubble on whirlpool of speculation. When the capital development of a country becomes a by-product of the activities of a casino, the job is likely to be undone". Examine the Keynesian proposition to explain meltdowns/recessions in economies of the world. •

3. Explain knife-edge balance in Harrod-Domar model of growth.
4. Explain Michael Lipton's 'Urban-bias' in development and dichotomy of development in developing countries like India.
5. Examine Bhagwati-Sen controversy on growth via enhancing social infrastructure (education and health) when the economy is in recession.
6. Discuss Harvey Leibenstein's classifications of characteristics of underdeveloped economies.
7. What is Green NNP? Elucidate whether Green NNP can be used as a sustainability indicator.
8. How far A K Sen's poverty alleviation strategy draws upon Rawlsian theory of justice and Nozick's view on entitlement? Discuss.
9. When the rate of interest becomes very low the liquidity preference becomes absolute. Explain.
10. Examine the relationship between stock market and industrial growth.
11. What are the salient features of the Chicago school of thought in monetary economics? Discuss.
12. "The need for balanced growth rests on the need for a balanced diet". Explain.

## Section 'C'

(Answer any *two* of the following questions in about 300 words each) : 20×2=40

13. How does endogenous technological progress, driven by human capital formation and R&D, offsets diminishing returns to physical capital? Discuss.
14. What is a non-bank financial intermediary? How does it influence the efficacy of monetary policy? Discuss.
15. Examine Sen's capability approach to economic development. Also discuss poverty alleviation strategy in the light of the above approach.