E-JFT-L-HDB

GENERAL ECONOMICS – II

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

INSTRUCTIONS

The question paper consists of three Sections. Candidates should attempt NINE 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.

Answers must be written only in ENGLISH.

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

SECTION I

1. Answer any *nine* of the following parts in about 50 words each :   5×9=45

    (a) Why did Ricardo argue that a capitalist economy would sooner or later reach a 'stationary state' ?

    (b) Explain why most of the mainstream economists before Keynes assumed that a capitalist economy cannot have 'involuntary unemployment'.

(c) State and comment on the applicability of Say's law.

(d) How does NDP at factor cost differ from GNP at market prices ?

(e) Explain the concept of 'inflationary gap'.

(f) List three reasons for not regarding GDP as an appropriate measure of well being.

(g) Indicate how sustainability considerations can be brought into national income accounting.

(h) "The notion that countries should specialise based on their factor endowments is too static a view." Comment.

(i) Citing one example each, distinguish between hedging, speculation and arbitrage trading in the context of derivatives.

(j) Is the use of a Multiple Exchange Rates (MER) regime limited to that of a balance of payments policy instrument ?

SECTION II

Answer any *seven* of the following questions in about 150 words each : $15 \times 7 = 105$

2. "Adam Smith's concept of 'Invisible Hand' teaches us that everything in an economy can be left to market forces." Discuss.

3. Explain the speculative demand for money and its relationship to the 'liquidity trap'.

4. Distinguish between the role of the State in the context of Keynesian unemployment and the role of the State in a development context.

5. How does Marx's theory of wages differ from 'the iron law of wages' of Ricardo ?

6. Write a brief note on the doctrine of 'big push' in the theory of economic development.

7. What are the implications of the Phillips curve for economic policy ?

8. Explain Sen's critique of utilitarian approach to economic development.

9. "Conventional trade theory fails to take into account structural inequalities among nations." Discuss.

10. Examine the 'race-to-the-top' and the 'race-to-the-bottom' theories relating to Multinational Corporations (MNCs) operating in developing countries. Which of these, according to you, is more supported by empirical evidence ?

SECTION III

Attempt any *two* of the following questions in about 300 words each. 25×2=50

11. With respect to the role of the State in economic development, compare the experiences of India and China.

12. Examine the impact of policies of liberalization, privatization and globalization on poverty and inequality.

13. Compare and contrast Keynes and Marx as macroeconomic analysts of the capitalist economy.