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FOR UPSC IES ISS EXAM PREPARATION

UPSC IES ISS 2024 Question Paper · General Economics Paper III

EXAM	YEAR	TYPE	SUBJECT
UPSC IES ISS	2024	Question Paper	General Economics Paper III

GENERAL ECONOMICS

PAPER—III

Time Allowed : Three Hours | Maximum Marks : 200

QUESTION PAPER SPECIFIC INSTRUCTIONS

Please read each of the following instructions carefully before attempting questions

There are SIXTEEN questions divided in THREE Sections.

The **ONLY** question in Section—A is compulsory.

In Section—B, **SIX** out of **NINE** questions are to be attempted.

In Section—C, **FOUR** out of **SIX** questions are to be attempted.

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

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

Wherever any assumptions are made for answering a question, they must be clearly indicated.

Diagrams/Figures, wherever required, shall be drawn in the space provided for answering the question itself.

Unless otherwise mentioned, symbols and notations have their usual standard meanings.

Candidates are required to write clear, legible and concise answers and to adhere to word limits, wherever indicated. Failure to adhere to word limits may be penalized.

Attempts of questions shall be counted in sequential 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 Question-cum-Answer (QCA) Booklet must be clearly struck off.

Answers must be written in **ENGLISH** only.

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SECTION—A

(Compulsory Section)

1. Answer *all* the following parts in about *100* words each : 5×6=30

(a) How is an optimum tax rate defined?

(b) Explain, with the help of an example, how non-user value matters in valuing environmental goods.

(c) What is hedonistic method of environmental valuation?

(d) What do you mean by market concentration? Mention the factors which determine market concentration.

(e) What are the microeconomic factors that affect investment decisions?

(f) Justify that state and market are complementary, not mutually exclusive.

SECTION—B

Answer any *six* questions out of the following nine in about *200* words each : 15×6=90

2. What do you mean by balanced budget? What are the arguments for and against balanced budget? 4+11=15

3. Give a theoretical analysis of the growth of the public expenditure in terms of Adolph Wagner's hypothesis. What are the criticisms levelled against it? 10+5=15

4. Critically examine the role of social cost-benefit analysis in the context of formulating a public investment decision. 15

5. Explain the Hotelling's theory of non-renewable resources and in this context, explain how optimal allocation of non-renewable resources may be achieved. 9+6=15

6. How is climate change altering the pursuit of economic development in the Global South? 15

7. Discuss the meaning and measurements of profitability. What is the difference between profitability and profit? 11+4=15

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8. What do you mean by entry-preventing pricing? How can it be an optimal pricing strategy of a firm? 8+7=15

9. *(a)* What is collusive oligopoly and what are its objectives?

(b) We have the demand and cost functions of two firms A and B :

$$P = 100 - 0 \cdot 5Q = 100 - 0 \cdot 5(Q_A + Q_B)$$

$$C_A = 0 \cdot 5Q_A$$

$$C_B = 0 \cdot 5Q_B^2$$

Calculate the maximum joint profit of the colluding firms on the basis of the above information. (3+6)+6=15

10. Explain the relevance of Public-Private Partnership (PPP) Model in the context of a market economy. 15

SECTION—C

Answer any *four* questions out of the following six in about *300* words each : 20×4=80

11. What is meant by equity in taxation? How do you justify for the ability to pay approach as a tool in achieving equity? 5+15=20

12. Briefly explain Domar Approach, Solvency Approach and Ricardian Equivalence for the problem of sustainability of public debt. Which of the three will you prefer and why? 12+8=20

13. What is Green GDP? Discuss the UN Methodology for computing Green GDP. 5+15=20

14. Which is better—carbon tax or cap-and-trade? Justify your answer. 20

15. What are the different approaches for public policy formulation with respect to development of firms? Explain. 20

16. "It is being increasingly believed that development planning is no longer relevant in today's context." Do you agree? Justify your position. 20

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