

# IES/ISS EXAM, 2010

Serial No.

2301

B-HLR-K-HFB

## GENERAL ECONOMICS—II

Time Allowed : Three Hours

Maximum Marks : 200

### INSTRUCTIONS

*The question paper has 3 Sections—Section-I, II & III respectively. Candidates are to attempt 7 parts of the question in Section-I; 7 questions from Section-II and 2 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 against each.*

*Answers must be written only in English.*

### SECTION—I

Candidate should attempt any **SEVEN** parts of the following questions. (Answer to each part should be approximately of 50 words) :—

5×7=35

1. (a) Explain the meaning of “National Product at Market Prices” and “National Product at Factor Costs”. Illustrate the relationship between the two types of valuations.

- (b) Briefly discuss "Primary and Secondary Markets".
- (c) Meaning of "Exchange Rate Risk".
- (d) Briefly discuss the merits of "Liquidity Adjustment Facility" (LAF).
- (e) Distinguish between "Hot Money" and "Capital Flight".
- (f) Explain "Futures Contract". What are the main types of Futures ?
- (g) State the stages of Economic Growth in Rostow's model.
- (h) Explain the term "Capital Deepening". Under what condition(s) Capital deepening takes place ?
- (i) When Financial Markets are said to be perfect ?

### SECTION—II

Candidates should attempt any **SEVEN** of the following questions. (Answer to each question should be approximately of **150** words) :— 15×7=105

2. State briefly the key propositions of Monetarist School of Macro Economics.
3. Elucidate the concept of "Balanced Growth". Will its achievement be easier if the supply of capital is larger than if it is smaller ?
4. Explain the concept "Capital Market Efficiency". What are the different forms of the Capital Market Efficiency ?

5. "Despite merit, Heckscher-Ohlin theory has some shortcomings." Discuss.
6. Briefly explain "Net Barter Terms of Trade". What are the important limitations of the theory ?
7. "The Balance of Payment always balances." Comment on the statement.
8. "Growth of GNP is an unfailing Index of a country's economic progress." Elucidate the idea.
9. The "Physical Quality of Life Index" is an instrument to measure development. Elaborate the statement.
10. Explain briefly the objectives of IMF.

### SECTION—III

Attempt any **TWO** of the following questions. (Answer to each question should be approximately of **500** words) :—

30×2=60

11. Examine the circumstances that gave rise to the mercantilism and those that brought about its decay. Is the world going back to mercantilism in a new form ?
12. "Domar assigned a key role to Investment in the process of Economic Growth." Keeping the statement in mind explain Domar's Economic Growth model.
13. What is "Reciprocal Demand" ? Critically evaluate Reciprocal Demand Theory.

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