I.E.S./I.S.S. Examination, 2026 वियोज्य *DETACHABLE*

GENERAL ECONOMICS
Paper 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 **SIXTEEN** questions divided under **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.

Candidate 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.

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.

SECTION 'A'

(Compulsory Section)

1. Answer the following questions in about 100 words each. 5×6=30

1.(a) "Marxian Economics is grafted on classical trunk." Explain. 5

1.(b) Make distinction between the following :

(i) GDP and GVO

(ii) Private Income and Disposable Personal Income. 5

1.(c) Examine Adam Smith's secular stagnation thesis. What are the features of stationary state mentioned by him ? 5

1.(d) Explain swap as derivative contract. Mention different kinds of swaps. 5

1.(e) What is inflationary gap ? Using diagram show that in case the consumers suffer from money illusion the economy will get convergent inflationary gap. 5

1.(f) Using suitable diagrams mention the effect of tariff on producers' and consumers' surplus. 5

SECTION 'B'

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

2. Compare and critically examine the views of Mercantilists and Physiocrats on wealth creation. How relevant are these ideas in modern times ? 12+3=15

3. How does the concept of Green GDP negotiate the shortcomings of the conventional system of national accounting ? Give a preview of green accounting method. 7+8=15

4. "Technological advancement and product innovation in Fintech industry has facilitated economic development of India." Explain. 15

5. Briefly explain how Schumpeter gives to the entrepreneur 'place of pride' and treats R & D and 'creative destruction' as the main engine of growth. Can we regard his theory as belonging to the species of 'endogenous growth' ? 12+3=15

6. Explain Amartya Sen's view that neither opulence nor utility adequately represent well-being and deprivation. Instead, what is required is a more direct approach that focuses on human functioning(s) and the capability to achieve valuable functioning(s). 15

7. "The India-EU FTA is designed to expand market access, reduce trade frictions, and improve the predictability of cross-border commerce for businesses on both sides." What major hurdles you anticipate in the way of effective implementation of the agreement ? 10+5=15

8. Given the following :

$C = C_o + b(Y - T)$ = Consumption Function
$I = I_o + aY$ = Investment Function
$M = M_o + mY$ = Import Function
G = Govt. Expenditure, X = Exports, M = Imports, T = Fixed Amount of tax

Consider the example where $C_o = 200$, $I_o = 90$, $G = 90$, $X = 40$, $M_o = 30$, $T = 50$, $b = 0{\cdot}6$, $a = 0{\cdot}2$ and $m = 0{\cdot}1$.

Find the National Income and Foreign Trade Multiplier. 15

9. "Realised Investment is always equal to realised saving, but planned investment is equal to planned saving only at the point of equilibrium." Explain the statement in the context of Keynesian theory. 15

10. Explain the role of G-20 in strengthening multilateralism, international cooperation and addressing global financial and economic challenges. 15

SECTION 'C'

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

11. Examine critically Friedman's quantity theory of money. How far is it correct to say that Friedman reaches at the same result earlier arrived at by Fisher ? What makes Friedman argue that quantity theory of money is a theory of demand for money ? 10+5+5=20

12. Examine Frank and Amin's development of underdevelopment interpretation of backwardness and the associated interpretation of unequal development as a pattern of homogenous growth in the centre and stagnation or highly uneven growth in the periphery. 20

13. Critically examine the Prebisch-Singer thesis of secular deterioration in terms of trade of peripheral countries or LDCs. Do empirical evidences support the thesis ? 15+5=20

14. "The success or failure of devaluation in correcting balance of payments deficit does not depend solely on the Marshall-Lerner condition but is conditioned by the magnitude of the marginal propensity to absorb." Discuss. 20

15. "The recent surge in Regional Trade and Free Trade Agreements have reduced the efficacy of W.T.O." – Discuss. Do you feel that this is the only factor responsible for failure of W.T.O. ? 12+8=20

16. Discuss derivative market with special reference to future and options. Explain their role in risk management and price discovery. 12+8=20
