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UPSC IES-ISS

**Previous Year Paper
(General Economics-III)
2021**



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 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.

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 Booklet must be clearly struck off.

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

SECTION A

Q1. Answer all the following parts in about 100 words each : 5×6=30

- (a) Distinguish between Revenue Deficit, Effective Revenue Deficit, Fiscal Deficit and Primary Deficit. 5
- (b) What is climate finance ? Why is it important ? 5
- (c) Despite downward sloping demand curve for an industry, why is the demand curve of a firm horizontally parallel ? 5
- (d) Why is planning necessary for a developing economy ? Explain. 5
- (e) What is the rationale behind Green GDP ? 5
- (f) How does Mrs. Hicks make a distinction between formal incidence and effective incidence ? 5

SECTION B

Answer any six questions out of the following nine in about 200 words each :

15×6=90

- Q2.** Examine the effects of public expenditure on production and distribution of resources in an economy. 15
- Q3.** Explain clearly the use value and non-use value components of total economic value. 15
- Q4.** What is cost benefit analysis ? Enumerate basic features of cost benefit analysis. 15
- Q5.** Explain the stickiness of price under an oligopolistic market with the help of a diagram. 15
- Q6.** Suggest suitable measures to make decentralised planning more effective in India. 15
- Q7.** Comment on the important reforms introduced in respect of direct taxes in the Union Budgets for 2020 – 21 and 2021 – 22. 15
- Q8.** Enumerate the objectives behind setting up of the Green Climate Fund. Mention its impact areas. 15
- Q9.** Describe the equilibrium situation of a monopolist due to imposition of (i) a lumpsum tax, (ii) a profit tax, and (iii) a specific sales tax. 15
- Q10.** India has some of the finest and most comprehensive of environmental conservation laws. Do you think they are adequately enforced ? 15

SECTION C

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

- Q11.** How does the Principle of Least Aggregate Sacrifice lead to horizontal and vertical equity in taxation ? Discuss. 20
- Q12.** Explain briefly the Expressed Preference Method, the Revealed Preference Method and the Cost-based Method of environmental valuation. 20
- Q13.** "Price in the long run under monopolistic competition is necessarily higher and output necessarily lower, as compared to perfect competition." Explain diagrammatically. 20
- Q14.** How are the features of imperative planning different from the features of indicative planning ? 20
- Q15.** Distinguish between money and real burden of public debt. Also discuss the issues of debt burden and integration equity. 20
- Q16.** The demand and cost functions of a firm are respectively :
- $$P = 132 - 8x$$
- $$C = x^3 - 14x^2 + 69x + 128$$
- (where notations have their usual meanings)
- (i) Show that the competitive firm produces output in the inelastic range of demand curve.
- (ii) Show that the monopolist produces output in the elastic range of demand curve.
- (iii) Derive the efficiency loss (or dead weight loss) in monopoly. 20