UPSC INDIAN ECONOMIC SERVICE (IES)

Previous Years questions
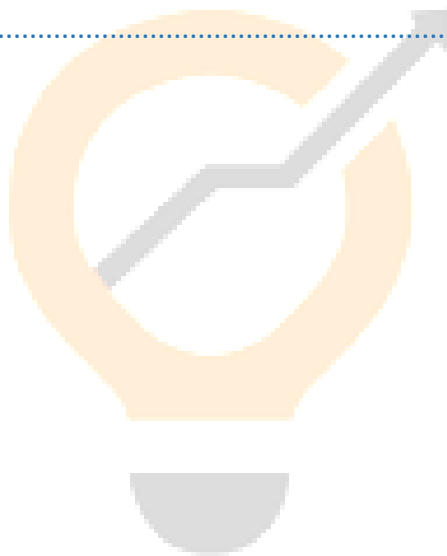
(Topic wise segregation)

(Till 2025)

TABLE OF CONTENT

Economic Thought

Mercantilism
Physiocrats,
Classical,
Marxist,
Neo-classical,
Keynesian and
Monetarist Schools of thought

Q1. Trace the role of Quesnay in the formulation of intersectoral flows in an economy as it stands today. (2025, 5 mark- 100 words)

Q2. Distinguish between Mercantilism and State Socialism. (2024, 5 Marks)

Q3. The origins of Keynesian Revolution can be found in the problem of unemployment. Explain. (2024, 5 Marks)

Q4. The economic ideas of J.S. Mill are essentially rooted in the economics of Adam Smith and David Ricardo. Explain. (2024, 15 Marks)

Q5. Define Dialectical Materialism and differentiate it from Dialectical Idealism. (2023, 5 marks)

Q6. Justify that thriftiness is not a boon but a bane in the capitalist economy. (2023, 5 marks)

Q7. Explain and justify critically how bullionism as a strategy strengthens the domestic economy. (2023, 15 marks)

Q8. How can Quesnay's Tableau Economique be regarded as a forerunner of modern circular flow of income and expenditure without government? (2022, 15 marks-200 words)

Q9. Enumerate the basic differences between the Keynesian and Monetarist schools of thought in stimulating demand. (2022, 15 marks-200 words)

Q10. Assess and justify the analytical merits and historical relevance of mercantilist views on foreign trade. (2021, 15 marks, 200 words)

Q11. Both Marx and Schumpeter believe in the downfall of capitalism but for very different reasons. Elucidate. (2021, 15 marks, 200 words)

Q12. Discuss the 'development of underdevelopment' thesis by Frank and Amin. Is the thesis seeded in the Marxian framework of capitalism? Substantiate (2021, 20 marks-300 words)

Q13. Compare the concept of surplus in the economic thought of mercantilist and physiocrats. (2020, 5 marks-100 words)

Q14. Why are the concepts of dichotomy and neutrality so important in classical theory of employment? (2020, 5 marks-100 words)

Q15. Explain why Karl Marx's Prophecy that the capitalist system doomed to collapse did not happen. (2019, 5 marks-100 words)

Q16. Explain Friedman's demand for money function. (2019, 5 marks-100 words)

Q17. Compare and contrast the notion of equilibrium in classical and neoclassical thought. (2018, 5 marks-100 words)

Q18. What are the similarities between and the differences in the Keynesian and the Monetarist models? (2018, 15 marks-200 words)

Q19. What is the value in use and value in exchange according to the classical economist? In this context explain the Diamond-Water paradox as indicated by Adam Smith. (2017, 5 marks-100 words)

Q20. How surplus and hence, wealth is generated as per physiocrats? Explain in terms of Quesney's Tableau Economique. (2017, 15 marks-200 words)

Q21. What are the basic characteristics of the monetary school of thought? (2016, 5 marks-100 words)

Q22. What is Marxian theory of alienation? (2016, 5 marks-100 words)

Q23. Describe Quesney's Tableau Economique. What effect did it have on modern economic thought? (2016, 5 marks-100 words)

Q24. What is the main difference between mercantilists and the physiocrats with regard to the source of wealth of a nation? (2014, 5 marks-100 words)

Q25. What are the salient features of the Chicago school of thought in monetary economics? Discuss. (2013, 12 marks-150 words)

Q26. What were the mercantilist's views on trade? How does the concept of national wealth differ from today's view? (2012, 5 marks-50 words)

Q27. "Adam Smith's concept of 'Invisible Hand' teaches us that everything in an economy can be left to market forces." Discuss. (2011, 15 marks-150 words)

Q28. How does Marx's theory of wages differ from 'the iron law of wages' of Ricardo? (2011, 15 marks-150 words)

Q29. State briefly the key propositions of Monetarists School of Macro Economics. (2010, 15 marks-150 words)

Concept of National Income and Social Accounting

Measurement of National Income,
Inter relationship between three measures of national income in the presence of Government sector and International transactions.
Environmental considerations,
Green national income

Q1. Bring out the equivalence between national income measured by value-added method and final expenditure method. (2025, 15 mark- 200 words)

Q2. Explain the concepts of Real GDP and Nominal GDP, Which is a better indicator to measure economic performance of a country? (2024, 5 Marks)

Q3. What is National Income? Why is measurement of national income done? What changes are brought into the basic equation of a two-sector model with the introduction of government sector? (2024, 3+5+7 Marks)

Q4. What is Green National Income? How is it computed? Explain why Green National Income accounting is essential for sustainable human development. (2024, 5+5=10 Marks)

Q5. Explain the inclusiveness of a Green Economy. (2023, 5 marks)

Q6. Explain the differences among Gross National Product (GNP), National Income and Disposable Income. What adjustments have to be made in order to calculate Green National Income? (2022, 15 marks-200 words)

Q7. What are the approaches to compute 'Green' GDP? How would you make GDP more inclusive in the light of Index of Sustainable Economic Welfare (ISEW)? (2021, 15 marks-200 words)

Q8. An open economy has three sectors i. agriculture ii. Industry iii. And services. Show that the three methods of measuring national income produce identical value of GDP. (2020, 15 marks-200 words)

Q9. Explain in what way environmental accounting is taken care of in national income measurement. (2020, 15 marks-200 words)

Q10. While measurement of non-market natural assets may not be perfect, Green National Product is still a preferable alternative to traditional Gross Domestic Product. Comment. (2019, 15 marks-200 words)

Q11. Consider an economy with three final goods industries X , Y and Z. In 2016 and 2017, the price per unit , p, and outputs q, in units of X , Y, Z, per year were as follows : (2018, 5 marks-100 words)

	2016		2017	
Industry	p	q	p	q
X	2.00	100	2.50	120
Y	3.00	50	3.25	60
Z	1.00	25	2.00	25

   a. What are the GDP levels in both years in current price and 2016 prices?

   b. By what percentage has the economy grown in real terms? By what percentage have prices increased?

Q11. (2018, 10 marks-150 words)

   c. Consider a hypothetical economy (all figures in lakhs crores for the year 2017) where consumption spending was Rs.100, government spending was Rs.50 and production of goods and services was Rs.250. If planned investment spending that year was Rs.75, what was the unplanned change in inventories?

Q12. From national income according find the value of investment if private savings id worth Rs.200 crores , government savings is Rs. 50 crores and current account balance is Rs. 20 crores.(2017, 5 marks-100 words)

Q13. Explain the value added method of national income accounting. Illustrate the calculation of national income of a hypothetical closed economy with no government sector. (2016, 15 marks-200 words)

Q14. Why the 'Gross Domestic Product' is sometimes referred to as a 'Grossly Deceptive Product'? (2015, 5 marks-75 words)

Q15. Prepare a hypothetical sectoral account for Gross National Product and Social Account. Thereafter, examine the differences between the two approaches. (2015, 15 marks-150 words)

Q16. GDP is an important measure of economic power of a nation but GDP does not reflect its well being. Why? (2014, 5 marks-100 words)

Q17. What is green NNP? Whether green NNP can be used as a sustainability indicator. (2013, 12 marks-150 words)

Q18. How does NDP at factor cost differ from GNP at market prices? (2011, 5 marks-100 words)

Q19. List three reasons for not regarding GDP as an appropriate measure of well being.(2011, 5 marks-100 words)

Q20. Indicate how sustainability consideration can be brought into national income accounting. (2011, 5 marks-100 words)

Q21. Explain the meaning of 'National Product at Market Prices' and 'National Product at Factor Cost'. Illustrate the relationship between the two types of valuation. (2010, 5 marks-100 words)

Theory of Employment, Output, Inflation, Money and Finance

The Classical theory of Employment and Output and Neo classical approaches.
Equilibrium,
analysis under classical and neo classical analysis .
Keynesian theory of Employment and output.
Post Keynesian developments
The inflationary gap;
Demand pull versus cost push inflation,
The Philip's curve and its policy implication.
Classical theory of Money,
Quantity theory of Money,
Friedman's restatement of the quantity theory,
The neutrality of money,
The supply and demand for loanable funds and equilibrium in financial markets,
Keynes' theory on demand for money,

Q1. "Inflation is always and everywhere a monetary phenomenon." Explain briefly the arguments of Friedman. (2025, 5 mark- 100 words)

Q2. Analyze how the supply and demand for loanable funds and equilibrium in the financial market is related to equilibrium in the goods market in a closed economy. (2025, 15 mark- 200 words)

Q3. Consider a closed economy with the following specifications: (2025, 20 mark- 300 words)

$C = 700 + 0.7YD$, $YD = Y − T$, $I = 600 − 20r$, $G = 500$, $T = 150$,

$L = 0.2Y − 50r$, $\overline{M}/\overline{P} = 400$

(a) Derive the IS equation.

(b) Derive the LM equation.

(c) Find the equilibrium output and interest rate.

(d) Present your results in a diagram.

(e) Identify the crowding out effect of an increase in G to 1000.

Q4. Analyze the trade-off between unemployment and inflation with reference to the Phillips curve under adaptive expectations. Derive the aggregate supply curve from the Phillips curve. (2025, 20 mark- 300 words)

Q5. What are the similarities and differences between the Fisherian and Cambridge versions of the Quantity Theory of Money? (2024, 7+8 Marks)

Q6. Differentiate between Demand Pull Inflation and Cost-Push Inflation. Describe in detail their causes and impact on the economy. Suggest appropriate policy measures to control inflation. (2024, 5+10+5 Marks)

Q7. How do the Keynesians, monetarists and rational expectation theorists differ in their views regarding the trade-off between inflation and unemployment? Examine critically. (2023, 15 marks)

Q8. Define and derive the foreign trade multiplier. Suppose the marginal propensity to consume is 0.7 and the marginal propensity to import is 0.1 and there is an increase in the value of export by 2,000 crores. What will be the increase in GDP? (2023, 15 marks)

Q9. How is the level of income and the rate of interest determined simultaneously in the Keynesian IS- LM Model? Explain the condition of stability of equilibrium and policy relevance in the IS-LM framework. (2023, 20 marks)

Q10. What is the real cash balance effect? (2022, 5 marks-100 words)

Q11. Which policy will be effective if the IS curve is vertical? (2022, 5 marks-100 words)

Q12. Discuss the concepts of dichotomy and neutrality of money in the classical, neo-classical and Keynesian economics. (2022, 20 marks-300 words)

Q13. Distinguish between short-run and long-run Phillips curve and discuss their policy implications. (2022, 20 marks-300 words)

Q14. Why is saving in Keynesian system a function of disposable income but in classical system a function of rate of interest? (2021, 5 marks-100 words)

Q15. (2021, 5+10 marks, 200 words)
   A) Show that MPC is less than APC in the Keynesian analysis.
   B) Why is consumption function considered to be an epoch-making contribution in the Keynesian theory?

Q16. (2021, 15+5 marks-300 words)
   A) Following Baumol-Tobin approach, find out the transaction demand for money and examine its interest rate sensitivity
   B) Show and interpret that such a transaction demand for money is homogeneous of degree zero in real income and rate of interest

Q17. State the policy implications of Phillips curve and explain the dilemma faced by the policy-makers. Discuss how the government can contribute to economic stability. (2021, 20 marks-300 words)

Q18. Show that the original quantity theory of money is the theory of price level, while Friedman's restatement of the quantity theory is the reformulation of demand for money. (2020, 15 marks-200 words)

Q19. What is liquidity trap? Describe the policies which bring the economy out of the liquidity trap in IS-LM model. (2020, 15 marks-200 words)

Q20. Using Keynesian AD-AS diagram show that money wage rigidity is the only reason for an equilibrium below full employment. (2020, 20 marks-300 words)

Q21. Monetary policy is the most effective in the classical range and ineffective in the Keynesian range. Comment. (2019, 5 marks-100 words)

Q22. Compare demand-pull inflation arising from real factors with that arising from monetary factors. (2019, 5 marks-100 words)

Q23. What is Phillips curve? How did Philips and Friedman challenge theoretical underpinnings? (2019, 15 marks-200 words)

Q24. With given aggregate demand and aggregate supply curves there will normally be only one point of equilibrium but this may not be the level of full employment. Discuss. (2019, 15 marks-200 words)

Q25. Examine the factors that affect supply and demand in the loanable funds model. What effects do budget deficits have upon interest rates? (2019, 20 marks-300 words)

Q26. Tobin's portfolio balance theory analyses the behaviour of an individual wealth holder who is uncertain about the future and thus holds a diversified asset portfolio. Discuss. (2019, 20 marks-300 words)

Q27. Explain the neutrality of money. (2018, 5 marks-100 words)

Q28. What is liquidity trap? Discuss the effectiveness of fiscal and monetary policy in this context. (2018, 20 marks-300 words)

Q29. Show and explain that the investment multiplier value is lower in an open economy compared to a closed economy. (2017, 5 marks-100 words)

Q30. Compare and contrast demand-pull and cost-push inflation. (2017, 15 marks-200 words)

Q31. In an economy the following data are given: (2017, 2+2+2+6+8 marks-300 words)
   i. Consumption function: C = 250+0.5(Y-T)-500r
   ii. Investment function: I= 250-500r
   iii. Real Money Demand: Md/P = 0.5y – 500r
   iv. Real Money Supply: Ms/P = 7650/P
   v. Aggregate Supply: Full employment level = $\overline{Y}$= 1000
   vi. Government Expenditure: G = Tax = T = 200

   B) Find out:
   Equation of IS curve
   Equation of LM Curve
   Equation of AD Curve
   Equilibrium values of P, r, C and I
   Show graphically what happens to equilibrium values when money supply increases?

Q32. Differentiate between short run and long run Phillips curve what implications they have for the conduct of macroeconomic policies. (2017, 20 marks-300 words)

Q33. What is GDP Deflator? How is it used to measure inflation? (2016, 5 marks-100 words)

Q34. How does inflation redistribute wealth from creditors to debtors? Under what circumstances can wealth ever be redistributed from debtors to creditors? (2016, 15 marks-200 words)

Q35. Derive the simultaneous equilibrium of the product and money markets in a closed economy. Show how expansionary monetary policy changes the equilibrium situation. (2016, 20 marks-300 words)

Q36. Is inflation better measured by CPI or WPI? (2015, 5 marks-75 words)

Q37. Why is the Keynesian Range referred to as the 'Liquidity Trap'? (2015, 5 marks-75 words)

Q38. Explain briefly the multiplier accelerator model. (2015, 5 marks-75 words)

Q39. How is Expectations augmented Phillips Curve different from the original Phillips Curve? (2015, 15 marks-150 words)

Q40. The following functions are estimated for an economy: (2015, 15 marks-150 words)

   A) Consumption function: C= 200+0.75Yd
   B) Investment function: I= 400-50i
   C) Government purchases: G= 200
   D) Taxes: T= 0.2Y

E) Real demand for money: L= 0.5-75i
F) Nominal money supply: Ms= 900
G) (Here Yd stands for disposable income; Y for income, and i represent interest rate in percentage points. All other figures are in USD billions)

H) Now:
I) Estimate the equation for the IS Curve and the LM Curve. Thereafter, solve the system for equilibrium level of real income and real interest rate.
J) Suppose the government purchases are increased from 200 to 300. Estimate the change in income. Has there been any crowding out of private investment? Represent the information graphically (graph need not be to scale).

Q41. What are market and non market failures? In light of these, comment on the rationale of good governance from a macroeconomic perspective. (2015, 20 marks-300 words)

Q42. Why is the long run Phillips Curve steeper than the short run Phillips Curve in an economy? (2014, 15 marks-200 words)

Q43. Keynes referred to the speculative motive for holding money as "the objective of securing profit from knowing better than the (bond) market what the future will bring forth". How does it differ from Tobin's formalization of the speculative demand for money? (2014, 20 marks-300 words)

Q44. Elaborate the following: (2013, 5+5+5 marks-150 words)
   A) Supply creates its own demand
   B) High powered money
   C) New Keynesian Phillips Curve

Q45. "Speculations may do no harm as bubbles on a steady stream of enterprise, but the position is serious when Enterprise becomes the bubble on whirlpool of speculation. When the capital development of a country becomes a by-product of the activities ofa casino, jobs likely to be undone". Examine the Keynesian preposition to explain meltdowns/recessions in economies of the world. (2013, 12 marks-150 words)

Q46. When the rate of interest becomes very low the liquidity preference becomes absolute. Explain. (2013, 12 marks-150 words)

Q47. Explain why the tax multiplier is negative and is smaller in absolute value than the government expenditure multiplier. (2012, 5 marks-50 words)

Q48. What is 'natural' about the natural rate of unemployment? Why might this differ across countries? (2012, 5 marks-50 words)

Q49. What factors are the major determinants of output and employment in the classical system? What role does aggregate demand have in determining output and employment? (2012, 12 marks-150 words)

Q50. What are the assumptions in the Keynesian Multiplier Theory? Examine whether it is feasible to apply this theory to an underdeveloped economy. (2012, 12 marks-150 words)

Q51. What are the reasons for holding money in the Keynesian system? Define and explain the speculative demand for money and liquidity trap. Explain the relation between speculative demand for money and the interest rate. (2012, 20 marks-250 words)

Q52. Explain why most of the mainstream economists before Keynes assume that a capitalist economy cannot have 'involuntary unemployment'. (2011, 5 marks-100 words)

Q53. State and comment on the applicability of Say's law. (2011, 5 marks-100 words)

Q54. Explain the concept of inflationary gap. (2011, 5 marks-100 words)

Q55. Explain the speculative demand for money and its relationship to the liquidity trap.

Q56. Distinguish between the role of the state in the context of Keynesian unemployment and the role of the state in a development context. (2011, 15 marks-150 words)

Q57. What are the implications of the Phillips Curve for economic policy? (2011, 15 marks-150 words)

Financial and Capital Market

Finance and economic development,
Financial markets,
Stock market,
Gift market,
Banking and Insurance,
Equity markets,
Role of primary and secondary markets and efficiency,
Derivatives markets;
Future and options

Q1. Discuss the concepts of moral hazard and adverse selection in the context of insurance sector. (2025, 15 mark- 200 words)

Q2. Define 'options'. Differentiate between the American and European options. Suppose an investor buys a European call on a share for ₹4. The strike price (Kt) is ₹96 and the stock price (St) is ₹115. The expiration date is 4 months. Find whether the investor is making a profit or a loss. Draw a diagram. (2025, 20 mark- 300 words)

Q3. What is a Derivative Market? Explain the merits and demerits of derivative market. (2024, 5 Marks)

Q4. State and explain the components of equity market. How does trading take place in the equity market? (2024, 9+6 Marks)

Q5. What are the commonalities and differences between forwards and future contracts? (2023, 5 marks)

Q6. How would you measure financial market efficiency? Explain the efficient market hypothesis and random walk hypothesis. (2023, 15 marks)

Q7. What are the important causes and consequences of the global financial crisis of 2008? (2023, 15 marks)

Q8. How is Tobin's Portfolio Balance Approach an improvement over the Keynesian regressive expectations model? Derive the demand function for bonds in Tobin's Portfolio Balance Approach. (2023, 20 marks)

Q9. Illustrate, with a suitable example, how call options can be used for the purpose of speculation. (2022, 5 marks-100 words)

Q10. Distinguish between (2021, 5 marks-100 words)

Bonds and Debentures

Bonds and non-convertible debentures

Q11. State the basic differences between Futures and Options. Explain in detail the working of the futures and options derivatives. (2021, 15 marks-200 words)

Q12. Differentiate between roles played by future and options in financial markets. (2020, 5 marks-100 words)

Q13. Distinguish between primary and secondary market, and discuss the different forms of market efficiency. (2020, 15 marks-200 words)

Q14. What are common reasons someone might use derivatives? (2019, 5 marks-100 words)

Q15. Discuss the role of stock exchange in the secondary market and point out its importance to the Corporation. Give your answers by using examples. (2019, 15 marks-200 words)

Q16. Describe the roles played by banks and stock markets in economic growth. (2018, 5 marks-100 words)

Q17. Describe the elements of an optimal insurance contract. (2018, 15 marks-200 words)

Q18. Why do financial intermediaries like banks exist in a modern money using economy? (2017, 5 marks-100 words)

Q19. Explain the role of financial sector especially commercial banks in modern economic development. (2017, 15 marks-200 words)

Q20. Distinguish between inside money and outside money. (2016, 5 marks-100 words)

Q21. Explain how the presence of Non Banking Financial Intermediaries (NBFI) makes monetary policy ineffective. Suggest some measures to solve the problem. (2016, 20 marks-300 words)

Q22. The globalisation of capital markets has resulted in volatile and unrealistic exchange rates, unstable financial conditions and decline in effectiveness of governments' domestic monetary policy. Explain this phenomenon and suggest suitable measures. (2016, 20 marks-300 words)

Q23. The efficiency market hypothesis implies that abnormal returns are expected to be zero. Yet, in order for markets to be efficient, arbitrageurs must be able to force prices back into equilibrium. If they earn profits in doing so, is this fact inconsistent with market efficiency? (2015, 5 marks-75 words)

Q24. Examine Life Insurance as an investment in relationship management. (2015, 15 marks-150 words)

Q25. Portray the different forms of Efficient market hypothesis in equity markets. (2014, 5 marks-100 words)

Q26. What is financial repression? How does it affect investment in the economy? (2014, 15 marks-200 words)

Q27. Elaborate: (2013, 5+5 marks-100 words)
   a. Option contract and future contract
   b. Gilt edged security market

Q28. Examine the relationship between stock market and industrial growth. (2013, 12 marks-150 words)

Q29. What is a non Bank financial intermediary? How does it influence the efficacy of monetary policy? Discuss. (2013, 20 marks-300 words)

Q30. "Because corporations do not actually raise any funds in secondary markets, they are less important to the economy than the primary markets". Comment. (2012, 5 marks-50 words)

Q31. What is an option contract? How is it different from the future contract? Explain the merits and demerits of both the contracts. (2012, 12 marks-150 words)

Q32. What is the Efficient market hypothesis? Highlight the salient features of its three versions. (2012, 12 marks-150 words)

Q33. Citing one example each, distinguish between hedging, speculation and arbitrage trading in the context of derivatives. (2011, 5 marks-100 words)

Q34. Briefly discuss primary and secondary markets. (2010, 5 marks-100 words)

Q35. Briefly discuss the merits of Liquidity Adjustment Facility (LAF). (2010, 5 marks-100 words)

Q36. Explain future contract. What are the main types of futures? (2010, 5 marks-100 words)

Q37. When financial markets are said to be perfect? (2010, 5 marks-100 words)

Economic Growth and Development

Concepts of Economic Growth and Development and their measurement:

Characteristics of less developed countries and obstacles to their development – growth, poverty and income distribution
Theories of growth
Classical Approach: Adam Smith, Marx Schumpeter,
Neo classical approach;

Robinson,

Solow,

Kaldor,

Harrod Domar

Theories of Economic Development

Rostow,

Rosenstein-Roden,

Nurske,

Hirschman,

Leibenstien and

Arthur Lewis,

Amin and Frank (Dependency school) respective role of state and the market Utilitarian and Welfarist approach to social development and

A.K. Sen's critique,

Sen's capability approach to economic development

The Human Development Index,

Physical quality of Life Index and

Human Poverty Index

Basics of Endogenous Growth Theory

Q1. Briefly explain Rosenstein-Rodan's Big Push theory. (2025, 5 mark- 100 words)

Q2. Explain the basic endogenous growth model which emphasizes the role of knowledge in economic growth. (2025, 15 mark- 200 words)

Q3. Discuss the evolution of the concept of human development since 1990 to its present state. (2025, 15 mark- 200 words)

Q4. Compare and contrast the utilitarian-welfarist approach with Sen's approach to socioeconomic and gender issues. (2025, 20 mark- 300 words)

Q5. In the Harrod model there is no automatic mechanism that will ensure the equality between s/v and n. Explain. (2024, 15 Marks)

Q6. Explain how Kaldar's model of economic growth has solved the problem of discrepancy between the warranted rate and natural rate of growth. (2024, 15 Marks)

Q7. Explain Human Poverty Index (HPI) as a measure of Human Development. How is it different from Physical Quality of Life Index (PQLI)? (2024, 15+5 Marks)

Q8. Critically examine the role of Multinational Corporations in the lead economic development. (2024, 20 Marks)

Q9. What are the dimensions and indicators of the global multidimensional poverty index? (2023, 5 marks)

Q10. Gross Domestic Product is not an Index of economic welfare- Substantiate. Elucidate the advantages and disadvantages of the Physical Quality of Life Index. (2023, 15 marks)

Q11. Give an outline of Kaldor's Theory of Growth. Show that in the long run equilibrium share of profit and the rate of profit are uniquely determined. (2023, 15 marks)

Q12. In the one commodity neoclassical growth model, trace the impact of change in savings ratio on the steady-state equilibrium. In this context, how would you ensure the optimal steady state? Explain. (2023, 15 marks)

Q13. Consider the AK Model of endogenous growth theory and find out the steady state of equilibrium. Examine the possibility of convergence in the endogenous growth theory. (2023, 20 marks)

Q14. Explain AK Sen's capability approach to economic development. Elucidate the difference between the capability approach and utilitarianism. (2023, 20 marks)

Q15. Explain the difference between the concepts of convergence and conditional convergence. (2022, 5 marks-100 words)

Q16. Economic growth may raise income inequality though the incidence of poverty may get reduced. Discuss this proposition. (2022, 20 marks-300 words)

Q17. Discuss Rostow's stage theory of growth and compare it with Lewis' economic development with unlimited supplies of labour (2022, 15 marks-200 words)

Q18. What is instrumental in Solow's growth model and what are its limitations? (2022, 15 marks-200 words)

Q19. What are the major determinants of growth as entailed in the endogenous growth model? Elaborate. (2022, 20 marks-300 words)

Q20. How can you justify the absence of saving ratio in the quantitative speed of convergence towards steady state equilibrium in the neo-classical growth model? (2021, 5 marks-100 words)

Q21. (2021, 6+14 marks, 300 words)

    A)   What was the rationale behind the development of endogenous growth models?

    B)   Use a basic model of endogenous growth to exhibit its superiority over the exogenous growth model

Q22. Differentiate between Adam Smith's concept of subsistence wage and Ricardo's concept of natural wage. (2021, 5 marks-100 words)

Q23. How is the Human Development Index computed? Why is HDI required to be adjusted for inequality? (2021, 15 marks-200 words)

Q24. Is the underground economy beneficial or subversive? (2021, 5 marks-100 words)

Q25. Why do we need the two concepts of human development index and human poverty index to understand human development? (2020, 5 marks-100 words)

Q26. Show the importance of income distribution in Kaldor's model of growth. (2020, 15 marks-200 words)

Q27. Unbalanced growth theory of Hirschman places great importance to social overhead capital. Elucidate. (2020, 20 marks-300 words)

Q28. Explain the interconnections between inequality and development in the process of economic growth. (2020, 20 marks-300 words)

Q29. What is physical quality of life index? How does it free the major problems associated with GNP as a measure of development? (2019, 15 marks-200 words)

Q30. Briefly portray the Harrod Domar growth model. Enumerate its strength and weaknesses. (2019, 20 marks-300 words)

Q31. Explain Romer's model of Endogenous Technical change. Discuss the policy implications of endogenous growth theory for both developed and developing economies. (2019, 20 marks-300 words)

Q32. Examine Sen's Capability Approach to development as guiding theory for development policy. (2019, 20 marks-300 words)

Q33. Discuss the Poverty-Growth-Inequality triangle in the process of Sustainable economic development. (2018, 5 marks-100 words)

Q34. Explain the basic features of Kaldor's model of growth and distribution. (2018, 15 marks-200 words)

Q35. Discuss W.W. Rostow's stages theory of economic development. (2018, 15 marks-200 words)

Q36. Discuss the importance of inequality - adjusted Human Development Index (IHDI) and gender inequality index (GII) in connection with the status of overall human development in an economy. (2018, 15 marks-200 words)

Q37. Derive the steady state equilibrium growth path in the Solow model. What happens to the system when technical progress is introduced? (2018, 20 marks-300 words)

Q38. Describe Schumpeter's concept of innovation. (2017, 5 marks-100 words)

Q39. Discuss the knife edge instability problem in Harrod Domar growth model. (2017, 15 marks-200 words)

Q40. What is the motivation for the new growth theory? Describe main points of difference between Solow model of economic growth and basic endogenous growth model. (2017, 15 marks-200 words)

Q41. Discuss the main tenets of the theory of underdevelopment as propounded by dependency school. (2017, 15 marks-200 words)

Q42. When is it more effective to pursue a Hirshmanian strategy compared to Nurksian balanced growth model approach? Discuss after explaining the essence of both the models. (2017, 20 marks-300 words)

Q43. What are the basic Static and dynamic arguments for economic integration in less developed countries? (2017, 20 marks-300 words)

Q44. Critically discuss the following concepts related to growth and welfare and mention some of the modifications suggested: (2017, 20 marks-300 words)
    A) Human Development Index (HDI)
    B) Human poverty index (HPI)
    C) Physical quality of life index (PQLI)

Q45. Explain Kaldor's technical progress function. (2016, 5 marks-100 words)

Q46. What is a well-behaved production function? Explain its role in neoclassical theory of growth. (2016, 15 marks-200 words)

Q47. Explain the inevitability of stationary state in the classical theory of growth. (2016, 15 marks-200 words)

Q48. "The need for balanced growth rests on the need for a balanced diet" - Nurkse. Explain this statement. (2016, 15 marks-200 words)

Q49. Critically examine the steady state equilibrium growth paths of the Swan-Solow and Harrod-Domar models. What is the role of state in correcting equilibrium in these models? (2016, 20 marks-300 words)

Q50. Explain the Ranis-Fei model of economic development. How does it improve upon the Lewis model of development? (2016, 20 marks-300 words)

Q51. "The best strategy of development is the creation of imbalances." Discuss the statement in the light of Indian experience. (2016, 20 marks-300 words)

Q52. Differentiate between primary poverty and secondary poverty. (2015, 5 marks-75 words)

Q53. Mention five stages of Rostow's growth theory. (2015, 5 marks-75 words)

Q54. Analyse the Harrod-Domar model of growth with reference to knife edge balance. (2015, 15 marks-150 words)

Q55. How is innovation different from invention? Examine Schumpeter's theory of innovation in the present times. (2015, 15 marks-150 words)

Q56. Examine how inequalities in income and wealth depend on institutions and policies that societies choose to adopt. Illustrate using examples from developed and developing countries. (2015, 15 marks-150 words)

Q57. In addressing operational challenges such as poverty, many researchers wish to build insights raised by Sen's Capability Approach and related writings. In this context: (2015, 20 words-300 words)
   A) Provide a sketch of the core concepts of capability approach, and
   B) Throw some important avenues along which the human development report haveoperationalised certain aspects Sen's of capability approach.

Q58. Describe the following measures of inequality: (2014, 15 marks-200 words)
   A) The range
   B) Kuznets ratio
   C) Gini Coefficient
   D) Point out the shortcomings between Kuznets ratio and Gini coefficient.

Q59. What are the elements of structural change models of economic development that emphasize the transition from subsistence agriculture to modern manufacturing and service economy? (2014, 15 marks-200 words)

Q60. How would you explain a 'neat jobless growth' in a developing economy despite high rate of inflation and economic growth? Discuss. (2014, 15 marks-200 words)

Q61. How did Solow argue that the capital-output ratio of the Harrod Domar model is endogenous? Elaborate the steady state of the Solow model. (2014, 20 marks-300 words)

Q62. Elaborate: Capability Poverty and Human Poverty. (2013, 5 marks-50 words)

Q63. Explain knife edge balance in Harrod Domar model of growth. (2013, 12 marks-150 words)

Q64. Explain Michael Lipton's 'Urban-bias' in development and dichotomy of development in developing countries like India. (2013, 12 marks-150 words)

Q65. Examine Bhagwati Sen's controversy on growth via enhancing social infrastructure (education and health) when the economy is in recession. (2013, 12 marks-150 words)

Q66. Discuss Harvey Leibenstein classifications of characteristics of underdeveloped economies. (2013, 12 marks-150 words)

Q67. How far AK Sen's poverty alleviation strategy draws upon Rawlsian theory of justice and Nozick's view on entitlement? Discuss. (2013, 12 marks-150 words)

Q68. "The need for balanced growth rests on the need for a balanced diet." Explain. (2013, 12 marks-150 words)

Q69. How does the endogenous technological progress, driven by human capital formation and R&D, offsets diminishing returns to Physical capital? Discuss. (2013, 20 marks-300 words)

Q70. Examine Sen's capability approach to economic development. Also discuss poverty alleviation strategy in the light of the above approach. (2013, 20 marks-300 words)

Q71. Distinguish between economic growth and economic development. Identify any four indicators of economic development.' (2012, 5 marks-50 words)

Q72. Differentiate between developed and underdeveloped countries on the basis of impact of the shocks and stimulants. (2012, 5 marks-50 words)

Q73. Distinguish between development via excess capacity of SOC and development via shortage of SOC. (2012, 5 marks-50 words)

Q74. For a developing country to grow, it needs capital. The major source of capital in most countries is domestic saving. But the goal of stimulating domestic saving could be in conflict with government policies aimed at reducing inequality in the distribution of income. Comment on this trade-off between equity and growth. (2012, 12 marks-150 words)

Q75. Explain the different forces leading to the end of capitalism in the Scumpeter model of economic development. (2012, 12 marks-150 words)

    A) Distinguish between balanced growth and unbalanced growth strategies with illustrations. Which growth strategy is applicable for Indian economy? Substantiate your answer describing the theory and giving valid justifications.(2012, 20 marks-250 words)

Q76. "A country is poor because it is poor implies that a circular constellation of forces tend to act and react upon one another in such a way as to keep a poor country in a state of poverty." Explain the theory behind the statement with illustrations. (2012, 20 marks-250 words)

Q77. Write a brief note on the doctrine of 'big push' in the theory of economic development. (2011, 15 marks-150 words)

Q78. Explain Sen's critique of utilitarian approach to economic development. (2011, 15 marks-150 words)

Q79. State the stages of economic growth in Rostow's model. (2010, 5 marks-100 words)

Q80. Explain the term Capital Depending. Under what condition(s) Capital Deepening takes place? (2010, 5 marks-100 words)

Q81. Elucidate the concept of Balanced growth. Will its achievement be easier if the supply of capital is larger than if it is smaller? (2010, 15 marks-150 words)

Q82. "Domar assigned a key role to investment in the process of Economic Growth." Keeping the statement in mind explain Domar's Economic growth model. (2010, 30 marks-300 words)

International Economics

Gains from International Trade,
Terms of Trade policy,
international trade and economic development.
Theories of International Trade;
Ricardo,
Haberler,
Heckscher- Ohlin and
Stolper-Samuelson.
Theory of Tariffs,
Regional Trade Arrangements,
ASEAN Crisis of 1998,
Global Financial Crisis of 2008 and
Euro Zone Crisis- Causes and Impact

Q1. Specify the sources of gains from trade when production is characterized by increasing cost conditions. (2025, 5 mark- 100 words)

Q2. Briefly explain the US subprime crisis (2007–2010). Explain whether the subprime crisis was a 'plain vanilla' financial crisis. (2025, 15 mark- 200 words)

Q3. Critically analyse the role of Regional Trade Agreements in the creation and diversion of trade. (2025, 15 mark- 200 words)

Q4. Explain the non-tariff barriers to trade, What are their implications on international trade? (2024, 10+5 Marks)

Q5. State and explain the Foreign Trade Multiplier. Examine its implications on international trade of a country. (2024, 10+5 Marks)

Q6. State and explain Stolper-Samuelson Theorem. What are its implications on a labour-abundant economy? (2024, 10+10 Marks)

Q7. Explain how international trade affects sustainable development adversely. (2023, 5 marks)

Q8. State and explain the Hecksher-Ohlin Theory and comment on its applicability in the presence of factor intensity reversal. (2023, 20 marks)

Q9. Explain the relationship between the relative prices of output and relative factor rewards in the light of Stolper-Samuelson theorem (2022, 15 marks-200 words)

Q10. How has Haberler improved upon the Ricardian theory of international trade? Explain (2022, 20 marks-300 words)

Q11. Explain the changes in principles of multilateral trade negotiationsover the globe since 1995. (2022, 15 marks-200 words)

Q12. State and explain the H-O theorem and factor-price equalisation theorem. Explain how the prevalence of Factor Intensity Reversal would result in the rejection of both theorems. (2021, 20 marks-300 words)

Q13. Highlight the dimensions and implications of Eurozone crisis. (2021, 15 marks-200 words)

Q14. What is the main difference between the ASEAN financial crisis of 1998 and Global Financial Crisis of 2008? (2020, 5 marks-100 words)

Q15. Show that Stolper Samuelson theorem follows Heckscher Ohlin theorem of international trade. (2020, 15 marks-200 words)

Q16. Analyze whether there is any difference between the optimum tariff for a small country and a large country (as defined in international trade theory). (2020, 20 marks-300 words)

Q17. What are the effects of rules of origin on international trade? (2019, 5 marks-100 words)

Q18. Use diagram to explain foreign repercussion. Also explain its implications for international trade. (2019, 15 marks-200 words)

Q19. Elucidate Heckscher Ohlin theory of International Trade. Highlight some of the shortcomings of this theory. (2019, 20 marks-300 words)

Q20. The following table provides the productivity of two countries: India and Bangladesh in terms of production of paddy and textiles. Since India appears to enjoy more efficiency in production of both the goods, do you think that trade is not beneficial between the two countries? Justify your answer. (2018, 5 marks-100 words)

Output per unit of labour		
	India	Bangladesh
Paddy	4	1
Textile	8	6

Q21. State and prove the Stopler Samuelson Theorem in international trade. What is the magnification effect? (2018, 15 marks-200 words)

Q22. What are the salient features of the Eurozone Crisis? (2018, 15 marks-200 words)

Q23. State the assumptions of Heckscher-Ohlin model and explain the role each assumption plays in the derivation of the main results of the model. (2017, 20 marks-300 words)

Q24. Examine the effect of International Trade on the difference in the factor prices 'between nations', and the effect of International Trade on the relative factor prices and income 'within' each nation. (2015, 15 marks-150 words)

Q25. State the major components of official foreign reserve assets. (2014, 5 marks-100 words)

Q26. State the Stolper-Samuelson theorem. Elucidate the logic of free trade underlined in the theorem. (2014, 15 marks-200 words)

Q27. Suppose two countries form a free trade area and decide on imposing a common tariff on their trade with the rest of the world. Demonstrate whether such a preferential trade agreement raises or lowers economic welfare. (2014, 20 marks-300 words)

Q28. What is the net welfare loss due to the imposition of an export subsidy on a good? Demonstrate the impact of export subsidy on welfare with the aid of a diagram. (2014, 20 marks-300 words)

Q29. Elaborate the concepts of Trade Creation and Trade Diversion in the context of Custom Union. (2012, 12 marks-150 words)

Q30. Distinguish between Convergent series of investment and Divergent series of investment. (2012, 5 marks-50 words)

Q31. What is the difference between a nominal tariff and an effective tariff? What is the usefulness of the concept of effective protection? (2012, 12 marks-150 words)

Q32. Omission of human capital and knowledge capital could be the most important sources of bias in the case of the 'Leontief Paradox'. Explain. (2012, 12 marks-150 words)

Q33. The notion that countries should specialise based on their factor endowments is too static a view." Comment. (2011, 5 marks-100 words)

Q34. "Conventional trade theory fails to take into account structural inequalities among nations." Discuss. (2011, 15 marks-150 words)

Q35. "Despite merit, Heckscher-Ohlin theory has some shortcomings." Discuss. (2010, 15 marks-150 words)

Balance of Payments

Disequilibrium in Balance of Payments,
Mechanism of Adjustments,
Foreign Trade Multiplier,
Exchange Rates,
Import and Exchange Controls and Multiple Exchange Rates,
IS-LM Model and Mundell- Fleming Model of Balance of Payments

Q1. Differentiate among fixed, freely floating and managed floating exchange rates. (2025, 5 mark- 100 words)

Q2. Examine the effect of an import tariff on equilibrium output and balance of trade under a fixed exchange rate using a short-run macroeconomic framework. (2025, 15 mark- 200 words)

Q3. Analyze the efficacy of monetary and fiscal policy with high but not perfect capital mobility in the 'IS-LM-BP' model under: (2025, 20 mark- 300 words)
(a) Fixed exchange rate
(b) Flexible exchange rate

Q4. State and explain the trade creation and trade diversion effects of Customs Union. (2024, 5 Marks)

Q5. Explain how Current Account in Balance of Payments is different from Capital Account. (2024, 5 Marks)

Q6. Explain disequilibrium in the Balance of Payments. Elucidate the monetary and non-monetary measures to correct disequilibrium in the Balance of Payments. (2024, 5+15 Marks)

Q7. The success of devaluation in improving the balance of payment deficit depends on the country's price elasticities of domestic demand for imports and foreign demand for exports. Explain. (2023, 20 marks)

Q8. Explain the multiple exchange rate system and the advantages associated with it. (2022, 5 marks-100 words)

Q9. Do you agree that an economy cannot simultaneously maintain a fixed exchange rate, free capital movement and an independent monetary policy? Explain. (2022, 15 marks-200 words)

Q10. Discuss the mechanism of adjustments in the event of disequilibrium in the balance of payment. (2022-20 marks-300 words)

Q11. "Mundell-Fleming model brings about internal and external balance through the equality between IS-LM-BP schedules." Explain. (2021, 15 marks-200 words)

Q12. How far is the 'Forex Index' an index of economic strength? (2021, 5 marks-100 words)

Q13. Explain the interrelations among nominal exchange rate, real exchange rate and purchasing power parity exchange rate. (2020, 5 marks-100 words)

Q14. Compare between the two main adjustment policies of balance of payment disequilibrium in an economy. (2020, 15 marks-200 words)

Q15. Show that under imperfect capital mobility, even if exchange rate is fixed, monetary policy is completely ineffective. (2020, 20 marks-300 words)

Q16. How does speculation occur in the foreign exchange market? What is the speculative attack? (2019, 15 marks-200 words)

Q17. To determine whether the balance of payment is in equilibrium or disequilibrium, only the autonomous transactions are considered. Explain. (2019, 15 marks-200 words)

Q18. With respect to devaluation, briefly explain the J curve effect. (2018, 5 marks-100 words)

Q19. Assume that there are following changes occurring in open economy separately. Find their effects on national income and Balance of Trade, individually, assuming that marginal propensity to save is 0.1 and marginal propensity to import in the economy is 0.15. Find the effects of: (2018, 6+7+7 marks-300 words)
  a. Domestic investments increase by Rs. 100 crores
  b. Exports increase by Rs. 100 crores
  c. Imports increase by Rs. 100 crores

Q20. Describe the merits of flexible exchange rate system. (2017, 5 marks-100 words)

Q21. Show that monetary policy is effective in raising income of a nation if exchange rate is …. no matter whether capital mobility is perfect or imperfect (show both the cases). (2017, 15 marks-200 words)

Q22. Discuss the main ingredients of elasticity approach for adjustment of disequilibrium in balance of payments. (2017, 15 marks-200 words)

Q23. Explain and derive foreign trade multiplier with foreign repercussions. (2016, 15 marks-200 words)

Q24. Distinguish between autonomous and accommodating transactions. What role do the accommodating transactions play in balance of payments? (2016, 15 marks-200 words)

Q25. An economy is suffering from Balance of Payments deficit. Assuming fixed exchange rates and flexible prices, explain the automatic adjustment process by which the deficit can be corrected. Is a policy action, such as, devaluation equally desirable? (2015, 20 words-300 words)

Q26. Consider an open economy that is subject to a capital inflow due to a decline in interest rates abroad. The monetary authority absorbs the inflows as foreign exchange reserves. With the aid of a diagram compare the impact of it on the current account if the monetary authority sterilizes and does not sterilize the inflows. [Assume that the prices are predetermined in the short-period.] (2014, 20 marks-300 words)

Q27. (2012, 6+6 marks-150 words)

a. When there is a decline in interest rate, which type of bond will the investor prefer to hold – long term bonds or short-term bonds? Why so? Which type of bond has greater interest rate risk?

b. Is deficit necessarily bad and surplus necessarily good in balance of payments? Comment.

Q28. Is the use of a Multiple Exchange Rates (MER) regime limited to that of a balance of payments policy instrument? (2011, 5 marks-100 words)

Q29. Meaning of "Exchange Rate Risk". (2010, 5 marks-100 words)

Q30. Briefly discuss the merits of "Liquidity Adjustment Facility" (LAF). (2010, 5 marks-100 words)

Q31. "The Balance of Payment always balances." Comment on the statement. (2010, 15 marks-150 words)

Global Institutions

UN agencies dealing with economic aspects,
World Bank,
IMF and WTO,
Multinational Corporations,
G-20

Q1. Trace the major developments in the various rounds of negotiations from GATT to WTO. (2025, 5 mark- 100 words)

Q2. Discuss the role of the United Nations and its agencies in addressing global environmental concerns. (2025, 15 mark- 200 words)

Q3. Discuss the role of the World Bank and its affiliates in facilitating economic development of developing countries. (2025, 20 mark- 300 words)

Q4. What are the major objectives of IMF? Do you agree that the IMF has succeeded in addressing global financial problems? (2024, 2+8 Marks)

Q5. Discuss the role of the World Bank in fighting global poverty

Q6. Explain how transfer pricing is generally used by a multinational corporation as method of increasing profit. (2022, 5 marks-100 words)

Q7. Examine the importance of the latest issues addressed by G-20. What role and responsibilities does G-20 have in today's world? (2021, 20 words-300 words)

Q8. Assess the performance of WTO in achieving its mission of ending extreme poverty and promoting shared prosperity. (2021, 15 marks, 200 words)

Q9. Differentiate between stabilization policy of IMF and structural adjustment policy of the World bank. (2020, 15 marks-200 words)

Q10. Examine the salient features and economic effects of Multinational Corporation (MNCs). (2019, 15 marks-200 words)

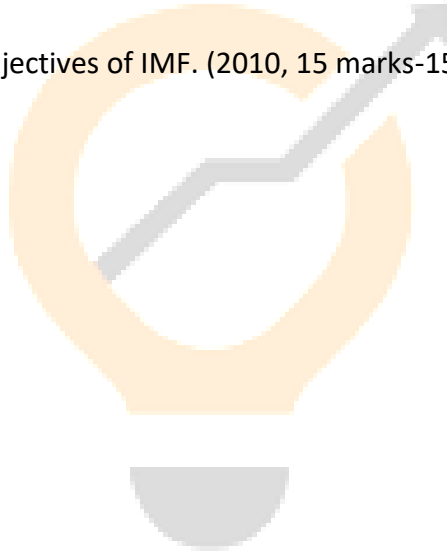Q11. How far can TRIPS encourage innovations in developing countries? (2018, 15 marks-200 words)

Q12. State briefly the roles of the IMF and World Bank in shaping the framework of economic development from the Second World War to the present. (2018, 20 marks-300 words)

Q13. Discuss the role of IMF in stabilizing the world economy. (2017, 15 marks-200 words)

Q14. Comment on Agreement on Agriculture (AOA) under WTO with reference to agricultural subsidies. (2015, 15 marks-150 words)

Q15. State the World Bank affiliates in the present Times. (2015, 5 marks-75 words)

Q16. 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? (2011, 15 marks-150 words)

Q17. Explain briefly the objectives of IMF. (2010, 15 marks-150 words)

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