RAMAKRISHNA MISSION VIDYAMANDIRA
(Residential Autonomous College affiliated to University of Calcutta)

B.A./B.Sc. SIXTH SEMESTER TAKE-HOME TEST/ ASSIGNMENT, JULY 2020
THIRD YEAR [BATCH 2017-20]

Starting Date & Time : 02-07-2020 at 11 am   **ECONOMICS (Honours)**
Closing Date & Time : 03-07-2020 at 11 am   **Paper : VIII & IX**   Full Marks : 50+50

PAPER -VIII

Group-A (Development Planning)

Answer all the questions of the following: [5×3]

1) Briefly discuss the distinctions between Marx's stages of development and Rostow's stages of growth.

2) Give a critical estimation of the lending operation of the World Bank.

3) What are the major reasons for plan failure in the context of developing countries?

Answer any one question of the following : [1×10]

4) "Few developments have played as critical a role in the extraordinary growth of international trade and capital flows during the past few decades as the rise of the **multinational corporation (MNC)**. An MNC is most simply defined as a corporation or enterprise that conducts and controls productive activities in more than one country. These huge firms are mostly based in North America, Europe, and Japan; but a growing number are based in newly high-income economies such as South Korea and Taiwan. In recent years a much smaller but growing number of MNCs have emerged from upper middle-income countries such as Brazil and even some fast-growing lower-middle income countries, most notably China. MNCs and the resources they bring present a unique opportunity but may pose serious problems for the many developing countries in which they operate.

The growth of private **foreign direct investment (FDI)** in the developing world has been extremely rapid—though volatile—in recent decades."

Critically discuss in this regard role of MNCs and Foreign Direct investment (FDI) in developing countries.

5) "Women stand at the crossroads between production and reproduction, between economic activity and the care of human beings, and therefore, between economic growth and human development. They are the workers in both spheres- the most responsible, and therefore, with most at stake, those who suffer the most when the two work at cross- purposes, and most sensitive to the need for better integration between the two." The dawn Platform for Beijing, 1995:21

Critically analyse the statement and what are the consequences of gender discrimination against women.

Group-B (International Economics)

Answer all the questions of the following : [5×3]

6) Show the welfare effects of a tariff in a diagram for a small open economy. Also, write down the intuition as to why the optimal tariff is zero for such an economy. (4+1)

7) Explain a situation where gains from free trade wise due to exchange only.

8) Using RS-RD framework, explain the impact of unbalanced growth towards production capability of exportables of Home country on i. terms of trade and ii. Welfare of consumers in both Home & Foreign countries. (2+3)

Answer <u>any one</u> question of the following : [1×10]

9) Using appropriate notations & mentioning appropriate assumptions, derive the Ricardian supply curve & point out the zones of incomplete & complete specialization clearly. In this connection, please explain, in brief, as to why a large country may fail to benefit under free trade. (8+2)

10) Explain the tariff-quota equivalence, under

   i. Perfect competition

   ii. monopoly (5+5)

PAPER-IX

Group-C (Mathematical Economics)

Answer <u>all</u> the questions of the following : [5×3]

11) Suppose while exploring the historical documents of a two good producing company a researcher in economics finds a particular function $f(x_1, x_2) = 10 - x_1^2 - x_2^2$. The person has no idea of whether x_1 and x_2 represent output prices or input prices. Can you suggest a way to trace out whether such expression represent a profit function or a cost function? Explain.

12) Show that $y = x_1^{\frac{1}{2}} x_2^{\frac{1}{3}} x_3^{\frac{1}{4}}$ satisfies the condition of quasi-concavity but not concavity of R_{++}^3

13) Consider the following matrix:

Production Sector	Using	Sector	Final Consumption	Gross output
	Agriculture	Manufacturing		
Agriculture	30	120	50	200
Manufacturing	20	30	50	100

Find the input coefficient matrix. If there is a 100% increase final consumption what will be the value of gross output? (1+4)

Answer <u>any one</u> question of the following: [1×10]

14) A consumer has the utility function $= (x_1 - c_1)^\alpha (x_2 - c_2)^{1-\alpha}, 0 < \alpha < 1$, where c_1, c_2 are interpreted as minimum amounts of goods required for subsistence. Derive the demand functions and compare them with the demand functions derived from the Cobb-Douglas case. Find the parametric restrictions for maintenance of second order conditions.

15) Suppose the National Product of a country is composed of production and investment. Part of the production is used for current consumption and a part is used to maintain the inventory of consumer goods. Assume the consumption function be $C_t = mY_t$.

Producers produce before C_t is actually known. They therefore produce an amount based on previous period output, i.e. $Q_t = mY_{t-1}$.

Producers wish to maintain a constant level of inventory equal to the difference between the actual and planned sales in the previous period , i.e., $X_t = C_{t-1} - Q_{t-1}$.

In period t national product Y_t is the sum total of production, inventory and $\bar{I}$, the fixed level of investment. Derive the second order difference equation for Y_t implied by the model and obtain a general solution.

Group-D (Indian Economy II)

Answer all the questions of the following: [5×3]
16) In order to achieve sustainable high growth does India need second generation of reforms?
17) Explain RNR (Revenue Neutral Rates) and the relevant debate regarding implementation of GST (Goods & Services Tax) in India.
18) In terms of India's foreign trade, do you think that it will be better that we adapt a look East policy rather than concentrating too much on the West.

Answer any one question of the following: [1×10]
19) Comment on the recent NPA (Non-Performing Asset) crisis in Indian banking sector. What kind of banking sector reforms the central bank or RBI can perform in order to address such crises?
20) "It is in India's best interest to have a strong World Trade Organisation". Critically analyse this proposition.

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