

RAMAKRISHNA MISSION VIDYAMANDIRA

(Residential Autonomous College affiliated to University of Calcutta)

B.A./B.Sc. FIFTH SEMESTER EXAMINATION, FEBRUARY 2022

THIRD YEAR [BATCH 2019-22]

ECONOMICS (HONOURS)

PAPER : DSE2

Date : 05/03/2022

Time : 11 am – 1 pm

Full Marks : 50

1. Answer **any four** questions of the following: [4×3]
 - a) Discuss the Lender's Risk Hypothesis to address the incidence of exorbitantly high rates on credit in rural economies of developing nations.
 - b) Why do you think a contract with eviction may be widely employed in the context of land markets in developing nations?
 - c) What do you mean by asymmetric information?
 - d) Distinguish between Fixed rent contract and Share cropping contract.
 - e) Define Rent Seeking.
 - f) Mention two assumptions of the Lewis model.
2. Answer **any one** question of the following: [1×8]
 - a) Discuss in detail the key assertions in Sen's idea of surplus labour following his theorization of peasant family farming.
 - b) Define institutions. Why are institutions critical for economic development? Answer with suitable examples.
3. Answer **any two** questions of the following: [2×15]
 - a)
 - i) What is the Marshallian efficiency argument in a tenancy contract? (2.5)
 - ii) Why is share cropping inefficient? (2.5)
 - iii) Argue why even more than 100 % retention of output in fixed rent tenancy contract is considered to be inefficient even through the tenant has positive incentive to put in extra effort. (2.5)
 - iv) Argue why the practice of share cropping tenancy contract is predominant in rural land markets while the fixed rent contract is a better option form a societal point of view. (5)
 - v) What are the alternatives to the share cropping tenancy contract for a risk neutral landlord? What are the problems with those alternatives? (2.5)
 - b)
 - i) Explain the Harris Todaro model in detail. (10)
 - ii) Explain the criticisms of Lewis model. (5)

- c) i) Use a nutrition-based model of labour market analysis to show the coexistence of voluntary and involuntary unemployment at equilibrium, which the formal labour market analysis fails to address. Why do you think this is the case? (8)
- ii) Discuss the effect of inequality in asset holding (in terms of asymmetric land distribution that works as a source of non-wage income) on rural labour market for casual labourers. (7)
- d) i) Discuss the idea of microfinance. (6)
- ii) In this context discuss the use of information in case of group lending. (3)
- iii) Why are the interest rates so high in microfinance? (3)
- iv) Discuss the potential drawbacks of microfinance. (3)

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