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

B.A./B.Sc. FIFTH SEMESTER EXAMINATION, DECEMBER 2015
THIRD YEAR [BATCH 2013-16]

Date : 17/12/2015

Time : 11 am – 3 pm

ECONOMICS (Hons)

Paper : VI

Full Marks : 100

(<u>Use a separate Answer book for each group</u>)

<u>Group – A</u>
<u>Unit-I</u>

Answer <u>**any two**</u> questions : (2×4)

1. Distinguish between clean float and dirty/ managed float of exchange rate regime.

2. Explain, in brief, the Marshall-Lerner condition related to depreciation.

3. Explain the 'J' shape pattern of response to the effect of devaluation to improve the trade balance.

Answer <u>**any one**</u> question : (1×7)

4. Explain how each of the following transactions generate two entries – a credit and a debit in Indian Balance of Payments accounts – (3½+3½)

   a) An Indian buying a share of German stock, paying by writing a cheque on an account with State Bank of India.

   b) A tourist from Delhi buys a meal at an expensive restaurant in Lyons, France, paying with a travellers cheque.

5. Consider a small country case having consumption and import as a function of income. Explain why in case of fixed exchange rate the autonomous expenditure multiplier of an open economy is less than that of a closed economy. What will happen if we allow the exchange rate to become flexible? (4+3)

Answer <u>**any one**</u> question : (1×10)

6. Using a 'Swan diagram' show how an economy can attain both internal and external balance using a combination of government expenditure and exchange rate policy.

7. Explain the concept of Covered Exchange Rate Parity condition. How, according to this condition the exchange rate fluctuates had there been an increase in (i) domestic interest rate and (ii) foreign exchange rate. (6+2+2)

<u>Unit-II</u>

Answer <u>**any two**</u> questions: (2×4)

8. Explain why the concept of efficiency of free markets fail in the presence of externalities.

9. Describe the properties that combined together results in the creation of a pure public good.

10. Give two reasons why expenditure tax can be taken to be a better policy measure compared to an income tax.

Answer <u>**any one**</u> questions: (1×7)

11. Using General Equilibrium framework, explain the process of pricing of public goods. Explain why the normal efficiency condition differ in the presence of a public good. (4+3)

12. Discuss, in brief, the Indian Federal structure highlighting the sharing of revenue generating capacities between the centre and the states.

Answer **<u>any one</u>** questions: (1×10)

13. Does the concept of Equal Sacrifice always imply progressive tax if individuals face negatively sloped marginal utility schedule?

14. Discuss the concept of Richardian Equivalence.

<u>Group – B</u>

Answer **<u>any three</u>** questions : (3×4)

15. Write a short note on Sen's poverty measure.

16. Write a short note on Income inequality and Lorenz Curve.

17. Write a short note on non-monetary indices of economic development.

18. "Economic development is something more than economic growth" – Explain.

19. Explain Kuznet's assertion on inequality.

Answer **<u>any one</u>** question : (1×8)

20. Write short notes on: (4+4)
    a) Demographic transition of a country.
    b) Forward and backward linkages.

21. Explain how the choice of technique influence present employment and saving.

Answer **<u>any two</u>** questions : (2×15)

22. a) Define economic development in terms of 'Capability',
    b) Do you think that Human Development Index is a qualitatively different measure compared to other income based measures of development? (5+10)

23. a) In what ways may rapid population growth impair development?
    b) What are the different senses in which 'optimum population' is defined? What is 'The isolation paradox'? (7+8)

24. Critically discuss the O'ring theory of Kremer.

25. a) Define complementarity and co-ordination failure for LDCs.
    b) Explain in detail how the multiple equilibria analysis help us understand the issues pertaining to complementarity and co-ordination failure. (5+10)

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