

# RAMAKRISHNA MISSION VIDYAMANDIRA

(Residential Autonomous College under University of Calcutta)

B.A./B.Sc. SIXTH SEMESTER EXAMINATION, MAY 2015

THIRD YEAR

ECONOMICS (Honours)

Paper : IX

Date : 30/05/2015

Time : 11 am – 3 pm

Full Marks : 100

[Use a separate Answer Book for each group]

## Group – A

1. Answer **any four** questions of the following : (4 × 3)
  - a) Define surplus labor.
  - b) Discuss the concept of 'rent seeking activity'.
  - c) Define microfinance.
  - d) Distinguish between push and pull factors behind migration in developing countries.
  - e) Point out the problems of applying standard labor market analysis for rural labor market.
  - f) Discuss different types of default in rural credit market.
  - g) Point out the distinctions and improvements in the Harris-Todaro model over the Lewis model.
  - h) Give an example of moral hazard in rural credit market.
2. Answer **any one** question of the following : (1 × 8)
  - a) Discuss some problems of Government intervention in developing countries. (8)
  - b) Are the following statements true, false or uncertain? Provide a brief explanation to back up your answer –
    - i) In the Harris–Todaro model, an increase in the formal sector labor demand at a fixed wage rate must lower the percentage of people in the informal sector, as a fraction of the urban labor force. (4)
    - ii) In the Lewis model, if migration continues then after reaching the turning point rural sector wages must show an upward trend. (4)
3. Answer **any two** questions of the following : (2 × 15)
  - a) i) The credit and insurance markets may not function smoothly in the rural economy of developing countries. Discuss the limits to credit and insurance markets in this context. (8)  
ii) Show that in an economy where risk is a major factor, where tenants are risk averse, and where the inputs of the tenant can be costlessly monitored by the landlord (and verified in court), share cropping will be preferred to fixed rent tenancy. (7)
  - b) Show with respect to Sen's model that zero marginal productivity of labor is neither necessary nor sufficient for the existence of surplus labor. (15)
  - c) Using the notion of capacity curve explain the relationship among poverty, nutrition and labor market. Also using these concepts show that labor market equilibrium is possible with unemployment. (15)
  - d) i) Discuss the characteristics of rural credit market. (5)  
ii) Explain the Lender's risk hypothesis model and show with a suitable example how informal sector interest rate can be very high due to default risk. (10)

## Group – B

4. Answer **any four** questions of the following : (4 × 3)
  - a) State the relationship between the rate of profit and organic composition of capital.
  - b) Give three reasons for market failure.

- c) Distinguish between centre and periphery as defined in dependency theory.
  - d) Distinguish between foreign direct investment and foreign portfolio investment.
  - e) Briefly explain Sen's 'Missing Women Mystery'.
  - f) What do you mean by the Structural Adjustment Facility of the IMF?
  - g) Mention three major functions of the World Bank.
  - h) Mention three main distinctions between Rostow's and Marx's stage theory.
5. Answer **any one** question of the following : (1 × 8)
- a) Discuss the causes of industrial revolution.
  - b) Critically discuss the role of the World Trade Organisation in the context of developing countries.
6. Answer **any two** questions of the following : (2 × 15)
- a) i) Discuss the rationale for planning in a mixed economy. (7)
    - ii) Has planning become redundant after liberalisation? (4)
    - iii) What is decentralised planning? (4)
  - b) "Recent UN report on Women shows the extreme wage gap between men and women in South Asia. The report also shows extreme disproportionality between men and women in sharing the domestic work."
    - i) What kind of developmental implications you can infer from these findings? (3)
    - ii) What are the rationale for prevailing gender discrimination in work? (8)
    - iii) What policy measures need to be undertaken to counter this issue? (4)
  - c) i) Discuss major characteristics of import substitution and export promotion policy. (12)
    - ii) Is there any reconciliation possible between these two? (3)
  - d) i) What do you mean by Multi National Corporations (MNC)? (2)
    - ii) Critically discuss the role of MNCs in the transfer of technology to the developing countries. (13)

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