

RAMAKRISHNA MISSION VIDYAMANDIRA

(Residential Autonomous College under University of Calcutta)

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

THIRD YEAR

ECONOMICS (Honours)

Paper : VIII

Date : 28/05/2015

Time : 11 am – 3 pm

Full Marks : 100

[Use a separate Answer Book for each group]

Group – A

1. Answer **any three** questions of the following : (3 × 4)
 - a) Distinguish between absolute and comparative advantage using an example.
 - b) Distinguish between factor abundance and factor intensity.
 - c) Explain, in brief, the Stolper Samuelson Theorem.
 - d) Some empirical verification of the Heckscher-Ohlin theory have yielded contradictory results. Can you suggest reasons for that?
 - e) Explain in brief, when the government offers all export subsidy, shippers will export the goods up to the point where the domestic price exceeds the foreign price by the amount of subsidy.
 - f) What do you mean by 'Local Content Requirement'?
2. Answer **any one** question of the following : (1 × 8)
 - a) How does the PPC of a country look like in a fixed coefficient case? Explain how and why its shape alters in case of variable coefficient.
 - b) How is the optimum number of firms and the optimal price determined in a monopolistically competitive trade environment with IRS?
3. Answer **any two** questions of the following : (2 × 15)
 - a) How does competitive advantage lead to mutually beneficial gain between two counties? What happens if, of the two countries one is large and the other is small? (11 + 4)
 - b) i) Explain how gains from trade can be decomposed into gains from exchange and gains from specialisation. (7)
ii) Show two situations where the entire gains from trade is either due to exchange or due to specialisation. (8)
 - c) Given the community and Trade indifference curves, explain the process of deriving the offer. How does the shape of the offer curve impact its elasticity? What happens if two offer curves intersect each other at their backward bending positions? (7 + 4 + 4)
 - d) The costs and benefits of a tariff or other trade policy may be measured using the concepts of consumer surplus and producer surplus. Using these concepts show that the domestic producer of a goods gains, (because a tariff raises the price they receive) and the domestic consumer loses. In the same analysis show that there is a gain in government revenue. (10 + 5)

Group – B

4. Answer **any three** questions of the following : (3 × 4)
 - a) Mention some of the basic features of the colonial economy in India.
 - b) Distinguish between 'internal' and 'external' drain in the context of the British rule in India.
 - c) Mention briefly the impacts of American civil war on commercialisation of Indian agriculture.
 - d) What were the main features of the Mahalwari Settlement?
 - e) Mention some of the major recommendations of Acworth committee in connection with development of railways in India.

5. Answer **any one** question of the following : (1 × 8)
- a) Discuss critically the Old Guarantee System in the context of development of railways in India.
 - b) Critically analyse the effects of the 'Permanent Settlement' on Indian agriculture in the British period.
6. Answer **any two** questions of the following : (2 × 15)
- a) i) What do you mean by 'economic drain'? (2)
 - ii) Discuss the major constituents of economic drain during the British period. (6)
 - iii) Analyse how economic drain affected and shaped the course of development of the Indian economy during the British rule. (7)
 - b) i) What are the basic features of commercialization of agriculture in an economy? (4)
 - ii) What were the major causes responsible for commercialization of Indian agriculture during the British period? (6)
 - iii) What according to you are the basic reasons for commercialization of Indian agriculture to be unsuccessful in promoting an 'agricultural revolution in British India'? (5)
 - c) i) What do you mean by deindustrialization? (2)
 - ii) What were the causes for 'deindustrialization' in the British period? (7)
 - iii) Throw some light on the controversy whether or not deindustrialization has actually occurred in India during the British period. (6)
 - d) i) Discuss briefly the contribution of Indian railway towards development of the economy during the British period. (8)
 - ii) Discuss the major issues involved in 'railway versus irrigation controversy' during the British rule. (7)

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