

2022

M.A. / M.Sc.

2nd Semester Examination 2022

ECONOMICS

PAPER—ECO-205

DEVELOPMENT ECONOMICS:THEORY

Full Marks : 50

Time : 2 Hours

The figures in the right-hand margin indicate full marks.

Candidates are required to give their answers in their own words as far as practicable.

Illustrate the answers wherever necessary.

Group - A

1. Answer any *two* questions. 2×2

(a) Explain the concept of residual factor in growth.

(Turn Over)

- (b) What is social dualism?
- (c) What are the major limitations of the Lewis model?
- (d) What is technological dualism?

2. Answer any *two* questions. 2×4

- (a) Write a note on Sen's measure of disguised unemployment.
- (b) Critically discuss the Lewis model of unlimited supply of labour.
- (c) Present a description of Kaushik Basu's formalisation of the Harris-Todaro model.
- (d) Write the two basic assumptions of the 'Human Capital and Growth' theory of Lucas.

3. Answer any *one* question. 1×8

- (a) Critically analyse the Harris-Todaro model of rural-urban migration and urban unemployment.
- (b) Define "Human Capital" as propounded by Lucas. Write the "Current-value Hamiltonian H"

as defined in the Lucas model. Briefly discuss Lucas' concept of 'human capital' as an alternative engine of growth to the 'technological change'. 2+2+4

Group - B

4. Answer any *two* questions. 2×2
- (a) What are the basic principles of trade policy of the WTO?
 - (b) Define peak tariff and tariff escalation.
 - (c) Is it beneficial for the WTO member countries to form RTBs among them?
 - (d) Give some examples of equity and debt finance in the context of international capital.
5. Answer any *two* questions. 2×4
- (a) Write a brief note on A-o-A.
 - (b) What were the basic reasons behind the Latin American currency crisis in the 1980s? Explain in this context the concept of 'original sin'.

- (c) Explain the concept of 'impossible trinity'.
- (d) Differentiate between product and process patent. Should there be any patents on medicine? Justify your answer.

6. Answer any one question.

1×8

- (a) What does the standard trade theory predict regarding the skilled-unskilled wage gaps between countries? Does this theory earn sufficient empirical support? Can a tariff cut in the advanced countries widens the skilled-unskilled wage inequality in both developed and developing countries?

2+2+4

- (b) How can a default in external payment lead to macroeconomic crises? Explain the possible sequence of this casual linkage. Which kind of external finance does work as a built in stabilizer in times of crisis? What were the prime reasons behind the East Asian currency crisis in 1997? What should be the right sequence of different macroeconomic reform measures in this regard?

(2+1)+1+2+2

[Internal assessment - 10]