

Ex/PG/ECO/104/2025

MASTER OF ARTS EXAMINATION, 2025

(1st Year, 1st Semester)

Subject : ECONOMICS

Paper : Development Economics

Time : Two Hours

Full Marks : 30

GROUP—A

Answer *any two* questions :

7×2=14

1. Prove that 'positive assortative matching' will be observed during the time of formation of the Self-Help Group (SHG) through a 'self-selection' mechanism under a joint liability credit contract. Explain the role of Social Capital during the time of the formation of SHG. 5+2=7
2. Critically explain the Impact evaluation method based on a Randomized Control Trial (RCT). Why is any Quasi-Experiment, First Difference Method better than a simple Difference-in-Difference method during the time of investigating the impact on the beneficiaries of a Micro Credit programme? 3+4=7
3. Why Gross National Happiness Index is a better measurement than per capita GDP and HDI to identify the progress of an economy? Critically explain Easterlin's Paradox. 4+3=7

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[Turn Over]

**(2)
GROUP—B**

Answer *any two* questions :

8×2=16

4. Consider an economy where we observe two individuals : The ages of those two individuals are 65 and 25 respectively. Now suppose both are willing to go for a health insurance contract. If the risk-neutral insurance company wants to include both those individuals as its clients, then what will be their insurance contract at the optimum level? 8
5. Identify two public policies that the Government can use to enhance the supply of skilled labourers in an underdeveloped economy. 8
6. What role should a Government play in removing the economy from the 'vicious circle of poverty' ? Using Murphy, Shleifer and Vishny's (1989) model, identify the role of the Government in doing that. 8

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