

MASTER OF ARTS EXAMINATION, 2018

(2nd Year, 3rd Semester)

ECONOMICS

DEVELOPMENT ECONOMICS -1

Time: Two Hours

Full Marks: 30

Group – A

Answer any two questions:

2 X 7 = 14

1. Is Gross National Happiness Index a better measurement than per capita GDP to identify the progress of an economy? Critically explain Easterlin paradox. 3+ 4 = 7
2. Consider a competitive insurance market where all the individuals are identical in nature. Prove that in such situation all the individuals will insure their entire amount of possible loss. 7
3. What is the difference between 'Natural Experiment' and 'Randomized Control Trial' in an impact evaluation technique? Explain 'Difference –in-Difference' technique 'in a Natural Experiment. 3 + 4 = 7
4. Explain the importance of social capital during the time of formation of ROSCA. Prove that participation in 'ROSCA' is always desirable for the poor households than not participating in it. 3 + 4 = 7

Group – B

Answer any two questions:

8 X 2 = 16

5. What is the difference between micro-finance system operating on the basis of 'individual liability loan contract' or on the basis of 'joint liability loan contract'? Make a comparative impact evaluation of these two types of contract. 8
6. Prove that a labourer performing the same task in a technically advanced production process can earn more than what he can do in a technically less advanced production process. 8
7. What will happen in the informal credit market in the presence of collateral? 8
8. What role a government should play to remove the economy from 'vicious circle of poverty'? Explain this on the basis of Murphy, Shleifer and Vishny (1989) model. 8