

Ref. No. : EX/UG/ECO/4.4/63/2018

BACHELOR OF ARTS EXAMINATION, 2018  
(2<sup>nd</sup> Year, 4<sup>th</sup> Semester)  
ECONOMICS  
Paper: DEVELOPMENT ECONOMICS

Time: Two hours

Full Marks: 30

*Answer any five questions:*

6 X 5 = 30

1. Explain a suitable policy which can remove rural- urban wage gap in Harris-Todaro framework. Also prove that enhancement of minimum wage in rural area can reduce urban unemployment. 3 + 3 = 6
2. Suppose that the producers of an economy have a belief in consumption-efficiency relationship during the time of agricultural production. Now derive the condition under which 'surplus labour' will be observed in the economy. 6
3. Explain the possible reasons behind the emergence of child labour in an underdeveloped economy. Explain suitable policies which can reduce the problem of child labor in an underdeveloped economy. 4+2=6
4. How the professional moneylenders control the borrowers in informal credit market in an under developed economy? 6
5. Measurement of poverty in an economy through HPI is better than FGT method. Explain. 6
6. Lorenz curve of an economy of 2016 intersects the Lorenz curve of the same economy of 2012 from above and only once (we assume that the size of population of that economy remains unchanged in 2015). Explain possible reason(s) behind this shifting of Lorenz curve. Was there any change in the 'income inequality' of that economy in 2016 if we compare that with 2012? How the inequality of income among the individuals of an economy changes with development? 3 + 3= 6
7. Show that under full information situation, 'share cropping contract' is relatively inefficient if we compare that with 'fixed rent contract'. 6