

**BACHELOR OF ARTS EXAMINATION, 2017**

( 2nd Year, 4th Semester )

**ECONOMICS (HONOURS)**

**DEVELOPMENT ECONOMICS**

Time : Two hours

Full Marks : 30

*Answer any five questions:*

6 X 5 = 30

1. Why informal financial system is dominating in rural areas of the less developed countries? Why informal money lenders are charging very high interest rate during the time of sanctioning loan?
2. Show that 'Land reform' can enhance both output and employment in an underdeveloped economy.
3. Consider a labour market where the employer has a belief on consumption efficiency argument. Now determine the situation at which we see the presence of surplus labour in the labour market.
4. Explain the possible causes of the existence of 'child labour' in a poor economy. What will happen in the labour market of that economy if 'child labour' is banned?
5. Provide few reasons why a strategy of group lending may be better than the strategy of lending to individuals in the micro-credit system. Why sequential lending is important in the micro credit delivery mechanism under Joint liability credit contract?  
3 + 3 = 6
6. Mention four principles which are required to calculate income inequality of an economy. Prove that 'progressive transfer' of income can reduce income inequality in an economy.
7. 'The key to solve the serious problem of excessive rural-urban migration and rising urban unemployment in developing countries is to restore a proper balance between urban and rural economic and social opportunities'. Mention two government policies that will promote a better balance between urban and rural employment opportunities.