Group – B

Answer any *two* questions: 7×2=14

4. Why will the salary of a computer engineer working in a local start-up computer firm be higher if he/she joins a computer firm like INFOSYS without pursuing any skill-enhanced course? Explain it properly.

5. Why informal workers of a labour abundant underdeveloped country are not willing to work at a reservation wage rate for getting immediate employment?

6. What role a government should play to remove the economy from the 'vicious circle of poverty'? Explain this on the basis of Murphy, Shleifer and Vishny's (1989) model.

MASTER OF ARTS EXAMINATION, 2023

(1st Year, 1st Semester)

ECONOMICS

[DEVELOPMENT ECONOMICS]

Time : Two Hours Full Marks : 30

Group – A

Answer any *two* questions: 8×2=16

1. Consider an economy where we observe two individuals. The age of those two individuals are 65 and 25 respectively. Now suppose both are willing to go for Health-Insurance contract. If the risk-neutral insurance company wants to include both those individuals as its client, then what will be their insurance contract at the optimum level?

2. Suppose the government had initiated a micro-credit programme in a district and certain years after initiation, it wants to investigate whether this programme can enhance households' monthly income in that particular district. Narrate a suitable method on the basis of which that investigation can be done and justify why that method is more suitable than other methods.

3. Prove that subsidising the direct cost of education expenditure can play an important role in reducing informal labour in an underdeveloped economy.

[Turn over