

Name: \_\_\_\_\_ ID: \_\_\_\_\_

**BIRLA INSTITUTE OF TECHNOLOGY AND SCIENCE, Pilani  
Pilani Campus**

**Course No:** GS F234

**Weightage & marks:** 30% (60 marks)

**Duration:** 40 minutes

**Course Title:** Development Economics

**Type of exam:** Closed book

**Date:** 13.05.2023

**End semester examination (Part A) – 10% (20 marks)**

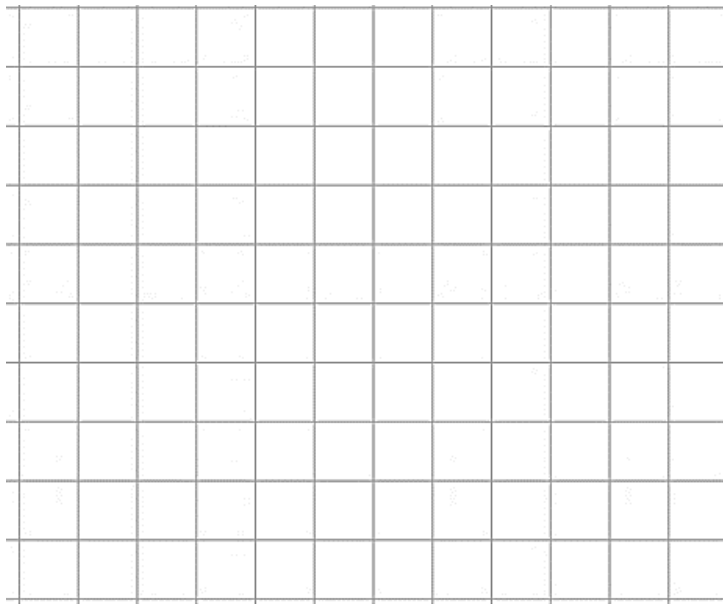
Sec A =>1	2	3	Sec B	Total

**Section1: Very short answer questions**

**16 marks**

Q1. a) Draw a well-labelled graph to show Lorenz curve for the following data on the given graph paper. Mark the Lorenz curve with bold line. Also, show the ratio for calculating Gini coefficient by shading the appropriate area on the graph. [3]

Country	India	% of HH	Income level
% of HH	Income level	20	701- 1500 \$
35	100-200 \$	12	1501 - 5000 \$
25	201-700 \$	8	5001- 10,000 \$



b) Identify 2 causes of national inequality, clearly stating how the cause works in 15-20 words. [2]

c) What is the two most important core generic reasons for environmental problems in modern world? [2]

Q2. (a) What happens when Pareto optimality is not met? Explain in 15-20 words. [3]

(b) According to Ricardo, when is trade between countries advantageous – in case of absolute advantage or in case of comparative advantage? Give reason.

Q3. (a) Why is trust considered a social capital? Give one reason. [1+2=3]

(b) What does the prisoner's dilemma? Explain with one example by drawing the matrix.

**Section 2: Short answer questions (15-20 words each) [3]**

Q1. Define/write basic description for any three of the following terms:

<b>a.</b> Absolute poverty	<b>b.</b> Reason for Infant industry protection failure
<b>c.</b> Head count index of poverty	<b>d.</b> Benefits from import substitution
<b>e.</b> Listian trap	<b>f.</b> Relation between rural poverty and environment destruction
<b>g.</b> Absolute advantage	<b>h.</b>


Name: \_\_\_\_\_ ID: \_\_\_\_\_

Q1	2	3	4	5	Total

Course No: GS F234

Weightage & marks: 30% (60 marks)

Duration: 1hr & 20 minutes

Course Title: Development Economics

Type of exam: Open book

Date: 13.05.2023

**End semester examination (Part B) – 20% (40 marks)**

**Section1: Very short answer questions**

**8\*5=40 mks**

Q1. (a) For the following 2\*2 matrix, provide **one example of what will be the impact on the given aspect** if a developing country faces this situation – [4+2+2=8]


(b) (i) Identify one challenge to measure human capital accumulation for a place like New Delhi.

(ii) What would be the advantage for a coastal Asian nation, which is more underdeveloped than India to take tourism as its major option for investment for economic growth? What would be the risk or problem of taking this route?

**Advantage:**

**Risk:**

Q2. While the population of India has been increasing, that of Japan has been falling drastically. Identify two criteria/factors on which this can be understood – name them and provide one cultural/societal reason and one economic reason for this trend (in 15-20 words) [8]

<b>India</b>	<b>Japan</b>
<b>Criteria/factor 1 name:</b>	<b>Criteria/factor 1 name:</b>
<b>Cultural/societal reason</b>	<b>Economic reason</b>
<b>Criteria/factor 2 name:</b>	<b>Criteria/factor 2 name:</b>
<b>Cultural/societal reason</b>	<b>Economic reason</b>

Q3. (a) *In breaking the natural resource constraint, the rural urban migration of population can be a saving factor.* Do you agree to this statement? **State yes or no:** \_\_\_\_\_ [2+3+3=8]

Provide reason for your answer:

(b) Provide one real world example (describe the example in 15-20 words) to show how the technology developed for saving on any natural resource (name and underline the resource) had an opposite effect. Show in your answer how/why this opposite effect came.

(c) Why do participants of a negatively affected industry don't shift to booming industries during a Dutch disease incident? Give one reason.

Q4. (a) *There is a broad consensus that low government wages in developing countries result in a decline of public sector efficiency and productivity and create both incentives and opportunities for corruption and misuse of public resources.* [4]

Do you agree with the above statement? State yes or no: \_\_\_\_\_

Provide reason:

How is your answer related to efficiency theory of wage? State in 20-25 words.

(b) Look at the Harrod Domar model  $\Rightarrow g = s / c$

[4]

(i) What is the specific problems faced by developing countries in the context of this model?

(ii) Is the problem same in description and intensity for developed nations?

**State yes or no:** \_\_\_\_\_

Support your answer with reason.

Q5. (a) Is there one appropriate age-sex composition for all hospital jobs for positive impact on TFP?

**State yes or no:** \_\_\_\_\_

[2+3+3=8]

Justify with one detailed example in 25-30 words.

(b) How does scale of operation affect TFP? Show by a well-labelled digram.

(c) Can including “strategic complementarity” affect TFP at an automobile manufacturing set up? How?

\*\*\*End\*\*\*

Space for rough work