DOON UNIVERSITY, DEHRADUN
Final Semester Examination, 2016
School of Social Sciences
Msc.Economics Integrated (Sixth semester)
Course Code: SSEI-321 Development Economics

Time Allowed: 3 Hours   *Maximum Marks: 50*
Note: Attempt All Questions from Sections A & Section B & any two questions from Section C
All the best☺

Section A (Attempt all parts of this section)   **(2*5=10 marks)**

1. Based upon the two criteria's how does a person treated as below & above poverty line in our country?
2. Introduce any two recently launched schemes by the hon'ble Prime Minister to increase the standard of living of the people.
3. According to Amrtya Sen, what is defined as a 'problem of recognition'?
4. According to Garry S. Field, inequality differs under three cases of enriched growth typology. Comment.
5. If the Gini coefficient is obtained as 0.12 and O.99. What would you interpret?

Section B Answer any four questions.   **(4*5= 20 Marks)**

(Explain the following in your own words with the help of examples. You may use diagram. Please be specific to the question being asked)

1. To measure the inequality, it is important to identify the job category as "sticky" or "fluid" for the true distribution of income. Comment. Use the help of example if necessary
2. Let **Lp** be the income of the poor and **Lr** be the income of the rich. **Lp+ß** and **Lr- ß** results in the loss of the net psychic gain for the society. Do you agree? Also explain the 'cost of default' as a problem for an income holder Lp.
3. Comment on the measuring criteria of the economic inequality giving examples, diagrams etc.
4. Simon Kuznet gave his hypothesis & justified the reasoning behind the initial & later changes in the inquality. Using a well labelled diagram explain his theory.
5. Richard Nelson gave his contribution by justifying the reasons behind low level equilibrium trap. What do you understand by his three sets of relations?

Section C (Long answer type questions. Attempt all questions)   **(2* 10=20 marks)**

Nurkse's basic argument resembles Rosenstein Rodan's; indeed he cites Rodan's famous example of the shoe factory to support his case. Low real income, Nurkse says "is a reflection of low productivity, which in turn is due to its relationship with the capital. There is a role of saving, investment, etc on the size of the market as well. As rightly said, Adam Smith's dictum that "division of labour is limited by the extent of the market". But a crucial determinant of the size of the market

is productivity. Capacity to buy means capacity to produce. And productivity largely depends though by no means entirely, on the degree to which capital is used. ...But for any individual entrepreneur, the use of capital is inhibited, to start with, by the small size of the market. Another Vicious circle. To escape the vicious circle, one cannot count on individual investment decisions to do the trick. "Even though in economically backward areas Say's law may be valid in the sense that there is no deflationary gap it never is valid in the sense that the output of any single industry newly set up with capital equipment can create its own demand" Technical discontinuities call for "jumps" in the rate of output but "the small and inelastic demand in a low income country tends to make such jumps risky, if not altogether unpromising"

Based upon the above paragraph, answer the following questions.

1. A) How low real income according to Nurkse is reflection of low productivity?
   B) How size of the market acts as a constraint to inducement to invest?
   C) Comment on the view "Capacity to buy implies capacity to produce"
   D) Why individual decisions cannot help in escaping the vicious circle of poverty?
   E) Critically examine the theorist views.

2. A) Comment on the line "the output of any single industry newly set up with capital equipment can create its own demand"
   B) What "jumps" are they talking about?
   C) In your opinion what is the way out to bring roadmap to growth and development. Explain in detail. Support your answer with the help of a diagram or statistical data.
   D) Critically examine the theorist's views.