

MA ECONOMICS
THIRD SEMESTER [SPECIAL REPEAT]
ECONOMICS OF GROWTH & DEVELOPMENT-II
MEC – 303

**SET
A**

[USE OMR SHEET FOR OBJECTIVE PART]

Duration: 3 hrs.

Full Marks: 70

Time: 30 mins.

(Objective)

Marks: 20

Choose the correct answer from the following:

1 × 20 = 20

1. Balanced growth implies-
 - a. Simultaneous development of a variety of activities, which support one another.
 - b. Equal allocation of resources to different sectors.
 - c. Different sectors growing at their natural rates of growth.
 - d. Uniform rate of growth of output over time.
2. If income is distributed evenly, the Gini co-efficient is:
 - a. Irrelevant
 - b. One
 - c. Undefined
 - d. Zero
3. The theory of big push deals with-
 - a. Small amount of investment.
 - b. Internal economies of scale.
 - c. Unbalanced growth
 - d. External economies of scale.
4. As economic development proceeds, income inequality tends to follow a-
 - a. Convex
 - b. Inverted U-shaped.
 - c. L-shaped
 - d. S-shaped
5. Which of the following is true of unbalanced growth?
 - a. Deliberate imbalance in favor of some sectors.
 - b. Simultaneous investment in all sectors.
 - c. Equal allocation of resources to different sectors.
 - d. None
6. With economic growth, the proportion of labour-force engaged in agriculture:
 - a. Increases
 - b. Decreases
 - c. Remains unaffected
 - d. Changes in an uncertain manner.
7. The Gini Coefficient for a country is 0.8. What can one conclude about the income distribution in this country?
 - a. Income is equally distributed
 - b. Income is nearly equally distributed.
 - c. Income is perfectly distributed
 - d. Income is close to being imperfectly distributed.

8. According to the earlier proponents of the big push strategy for development, a 'big push' in investment is necessary in developing countries because of which of the following reasons?
- a. In a traditional economy, people do not have the required habits for a profitable industrial society and therefore need a push.
 - b. The lack of modern technology requires a large investment in education.
 - c. Poor economies do not grow because complementary industries fail to cooperate, a 'big push' is required to get these industries to develop simultaneously.
 - d. Poor economies must resolve pressing health and education challenges before they can industrialize.
9. Why income inequality is not good for economic development?
- a. Income inequality may threaten political stability because people are dissatisfied with their economic situation and place blame on political authorities.
 - b. Income inequality does not reduce the pool of people with resources such as education, to improve productivity.
 - c. Only option (b) is true
 - d. Only option (a) is true
10. As per Leibenstein's theory of critical minimum effort, every economy is influenced by two forces-
- a. Demand and supply
 - b. Savings and investment
 - c. Cost and revenue
 - d. Stimulants and shocks
11. Who is the author of the book "The Principles of Political Economy and Taxation"?
- a. Adam Smith
 - b. Fei-Renis
 - c. R.M. Solow
 - d. David Ricardo
12. Harrod- Domar growth model of economic growth is based on the equilibrium between
- a. Equilibrium between income and consumption
 - b. Equilibrium between savings and investment
 - c. Income generation and productive capacity
 - d. None of the above
13. Identify the two sector model
- a. Solow model
 - b. Keynesian model
 - c. Harrod- Domar model
 - d. Joan Robinson
14. Which among the followings analyses the contribution of technological progress to the overall growth rate?
- a. Kaldor model
 - b. Solow model
 - c. Harrod model
 - d. Leibenstein's model
15. In the Harrod-Domar model, which of the two authors wrote the model earlier and in which year?
- a. Domar in 1948
 - b. Domar in 1940
 - c. Harrod in 1939
 - d. Domar in 1946

16. Which one of the following statements is not in tune with the Ricardian theory of growth?
- a. Rent tends to rise
 - b. Profits tend to fall
 - c. Profits tend to rise
 - d. Money wages tend to rise
17. The stationary state as envisaged by Adam Smith, is marked by
- a. Subsistence level wages
 - b. Low rate of profit
 - c. High rents
 - d. All of the above
18. The division of labour, according to Adam Smith, is limited by
- a. The extent of the market
 - b. The quantity of capital available
 - c. Both (a) and (b)
 - d. The size of labour force
19. Which of the following is generally regarded as the true index of economic growth?
- a. An increase in national income at constant prices during a year
 - b. A sustained increase in real per capita income
 - c. An increase in national income at current prices over time
 - d. An increase in national income along with a corresponding increase in population
20. The Harrod-Domar growth model suggests that growth is
- a. Directly related to savings and inversely related to the capital/output ratio.
 - b. Directly related to the capital/output ratio and inversely related to savings
 - c. Indirectly related to savings and the capital/output ratio.
 - d. Directly related to savings and the capital/output ratio
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(Descriptive)

Time : 2 Hr. 30 Mins.

Marks : 50

[Answer question no.1 & any four (4) from the rest]

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| 1. Explain the concepts of various rates of growth given by Harrod in his growth model and elucidate their role for maintaining the Knife-edge balance. | 5+5=10 |
| 2. State the assumptions of the Fei- Ranis theory of growth. With suitable diagram explain the gist of the theory. | 5+5=10 |
| 3. Distinguish between balanced and unbalanced growth of development. Explain the Kuznets hypothesis with the help of a diagram. | 5+5=10 |
| 4. Explain the concept of Critical Minimum Effort theory. Discuss also the determinants for a Minimum Effort. | 5+5=10 |
| 5. With suitable diagram explain the concept of Stationary State by Ricardo. | 10 |
| 6. Critically analyse the Lewis' theory of unlimited supply of labour. | 10 |
| 7. Give two similarities between balanced and unbalanced growth. Describe the Unbalanced theory of growth and also critically discuss it. | 2+8=10 |
| 8. Explain the Big Push theory with the help of a diagram. | 10 |

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