

**B.A. (Honours) Examination, 2018**

**Semester-V**

**Economics**

**Course: H-11 (Core)**

**(Growth & Development)**

**Time: Three Hours**

**Full Marks: 40**

Questions are of value as indicated in the margin  
Answer *four* questions taking **any two from each group**.

**Group-A**

1. In the context of Harrod-Domar growth model, discuss the 'natural' and 'warranted' rates of growth and hence check why the equilibrium of this model displays knife-edged instability? 5+5
2. Derive the equilibrium condition for steady state growth in the Solow model where the production function is homogeneous of degree one. How does the situation change where the production function shows increasing returns to scale? 7+3
3. What are the stylized facts of one sector growth model? Are these consistent with Solow framework? Discuss it with respect to neo-classical model with technical progress. 2+8
4. How are equilibrium wages, profits and relative shares determined in the Solow model? Illustrate with suitable diagram. How does a parametric shift in savings rate in this framework affect the 'steady-state' growth path? 5+5

**Group-B**

5. How do we derive the Lorenz curve as a measure of income inequality? In this context, discuss the Lorenz criterion. Show that two Lorenz curves can intersect. 3+3+4
6. In the presence of poverty and malnutrition, discuss and derive the curvature of 'work capacity' curve. Under what circumstance, is it prudent to share poverty with the family members? 4+6
7. Within a simple utility framework, show that substitution effect lowers fertility while income effects raises it. How does externality play a role in this context? 7+3
8. For land contract under screening and share cropping, show that landlord's expected income from paired contract (fixed rent and crop sharing) is greater than single fixed rent contract where probability of 'low-ability' tenant is not too low. 10