Development Economics (Old Course)

Q1.The lender in the informal credit market charges high rate of interest based on the following theory

1. Rationing
2. Lender's risk hypothesis
3. Default and collateral
4. Information asymmetries

Ans: 2

Q2. The Gini coefficient provides a measure of

1. the level of poverty
2. the level of relative inequality
3. disguised unemployment
4. the rate of growth

Ans: 2

Q3. Balanced growth theory of Ragnar Nurkse advocates

1. a steady rate of growth of GNP
2. parity between capital stock and labor
3. simultaneous development of all sectors of the economy
4. Development of leading sectors

Ans: 3

Q4. Which of the following statements is not true about import restriction?

1. Import restrictions attract resources to protected industry
2. Import restrictions involve a deadweight loss
3. Import restrictions raise prices for buyers to a product
4. Import restriction shift welfare from producers to consumers

Ans: 4

Q5.Which of the following is TRUE in LDCs?

1. Labor is often underemployed, having a low alternative cost.
2. It is cheaper to hire labor in LDC because its productivity is relatively higher than in DCs.
3. Adapting existing Western technology to LDC conditions requires little creativity.
4. Labor is usually considered the scarce factor.

Ans: 1

Q6.With perfect income equality the Gini coefficient in a country would be

1. Infinity
2. 1
3. 0 .5
4. 0

Ans: 4

Q7.According to the theory structural transformation, as incomes rise in the initial stage there tends to be a shift of labor from

1. Agriculture to industrial sector
2. Agriculture to services sector
3. Industrial sector to services sector
4. Services sector to industrial sector

Ans: 1

Q8.Historically, low rate of population growth were maintained because of

1. Low fertility rates.
2. High mortality rates.
3. Migration out of developing countries.
4. Government restrictions on the number of children families can have.

Ans:2