

The following set of questions may give you some idea about the type of questions you may expect in exam. I prepare this list from the old exam papers and the seminar questions. The list is not exhaustive. Also, you should not put any special importance on the topics that are covered in the following list. You should prepare all the chapters and papers covered in the course (except for Acemoglu and Robinson 2001). Focusing ONLY on the questions below will surely NOT be the ideal strategy for the exam (it may even be disastrous).

On a related note, as some of you who attended the last two lectures had already noticed that I had covered chapter 7 (inequality and development) from Debraj Ray's book but not chapter 8 (Poverty and undernutrition). You do NOT have to consider chapter 8 (Poverty and undernutrition) from Ray for the exam purpose. The reading list used to mention both chapter 7 and 8 as reading material. To avoid confusion, I have updated the reading list and eliminated chapter 8.

a) All seminar questions are good representatives of what you may expect to see in the exam.

b) (from 2005 postponed exam).

1. How would you explain the persistence of a high wage in the modern urban sector?
2. What is the impact of rural urban immigration on rural urban wage gaps?
3. How are incomes determined in the informal urban sector?
4. What are the adequate policies to stem the flood of migrants to urban areas?

(Hint: 1-3 is basically an invitation to explain the Harris-Todaro model.)

c) (from 2006 list of questions)

- 1: What are the causes and consequences of corruption? Does corruption corrupt? Is it oil or sand in the economic machinery?
- 2: What is the role of predators in economic development?
- 3: What can explain the "resource curse" (the negative relationship between natural resource availability and economic progress).

d) (from 2004 exam)

Complementarities between factors of production and complementarities between sectors matter for economic development. Show, by using some examples, that

- i) in some cases complementarities benefit development
- ii) in other cases complementarities can be seen as hindrances of development.

(Hint: Work with Big-push, O-ring, or Parasites.

First: In big-push if the economy is to the right of the tipping point industrialization will happen as a result of complementarities, to the left of the tipping point industrialization will happen as a result of the same complementarities,

Second: In parasites, In the low equilibrium the presence of parasites (who are complements to producers) lowers the return to entrepreneurship and that may stop modernization.

Third: In o-ring, The value of education is low, when no other have education. The value of education is high, when all others have education.)

e) (from 2006 seminar questions)

1. How does the distribution of land affect agricultural production via incentives effects?
2. How would you characterize the impact of share cropping on economic efficiency, agricultural output and peasants well-being?
3. To what extent can share cropping provide insurance and work incentives?

f) 1. Discuss the principle characteristics of the tenancy reform *operation Barga*, implemented in West Bengal between 1977-93. (base your answer on Banerjee, Gerter and Ghatak JPE 2002). How

different            was it compared to the earlier reforms?

grater            security to tenants on productive efficiency?

3. Do you think that the land reform led to an overall rise in productivity and that it helped further development? Is there any empirical support?

As I mentioned above, the list is just meant to give you some idea about what you may expect during exam.

To prepare on any article or even chapters from the book, you should keep the following in mind.

a. An article (or any piece of written work) is typically written with a purpose. It is supposed to investigate an economic problem or test certain conjectures. The authors are responsible to let us (as readers) know why we would care to study such a problem, or why we might form certain conjectures even if they are not necessarily true. Read the introduction carefully. Try to find the specific economic question(s) the authors are studying.

b. There should also be discussions on previous works. Read them well to familiarize yourself with the literature

c. Many theoretical papers come with very sophisticated models. It is good if you can get hold of them quickly. But it is not easy. Sometime you may find it difficult to follow all the derivations. In such a case, I suggest that you do not get bogged down with complexities of the model, the first or higher order conditions or the specific equilibrium concept applied. Typically models are written to explain a relationship. For example, suppose  $x$  affects  $y$ . However, it is not obvious from outside how  $x$  would affect  $y$ .  $x$  can positively affect  $y$  through some variable  $u$ , or negatively through another variable  $v$ . So the combined effect could be positive or negative. A model is supposed to capture the underlying mechanism. When you start reading the model, try to see exactly what mechanism the authors are trying to capture, what are the variables introduced. What should be the partial effect of these variables? And finally what would be outcome of the model given you allow all the variables to act freely. You should be able to discuss the variables, explain the mechanism and interpret the outcome of the model (and it does not require memorizing the exact form of the second order condition).

d. Some papers also make methodological contributions. You should be able to answer what exact contribution they are making. But as I have said before, it is the authors' responsibility to let you know what they are doing, so gather your input from the paper itself.

e. I found an interesting link (in the 2004 course page) on how to prepare for the exam. Check the link:

<http://folk.uio.no/hmehlum/4915v2004/exam.htm>

Good luck!