

**GUJARAT NATIONAL LAW UNIVERSITY
GANDHINAGAR**

Course: **Development Studies**
Semester- IV (Batch: 2021-26)

End Semester Examination: May 2023

Date: 13th May, 2023

Duration: 3 hours

Max. Marks: 50

Instructions:

- Read the questions properly and write the answers in the given answer book.
- Do not write anything on the question paper.
- The respective marks for each question are indicated in-line.
- Indicate correct question numbers in front of the answer.
- No questions or clarification can be sought during the exam period, answer as it is, giving reason, if any.
- Illustrate with diagrams, equations and matrices wherever applicable.

Part: A

Marks

(Answer **any two** of the following) (Word limit: Approx. 600 words)

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|-----|--|------|
| Q.1 | Development studies as a discipline has witnessed significant changes in its approach both in terms of theory and practice. Briefly trace the origin of the discipline, while discussing the nature or characteristics of the discipline. Also, discuss its status and the prospects in the coming decade. | (10) |
| Q.2 | What do you understand by the term inclusive growth? Despite economic growth, certain factors continue to play a dominant role in excluding certain sections or regions of society. Identify and briefly discuss some possible approaches to address inclusive development, while highlighting how the Union Budget 2023 provides a blueprint for an empowered and inclusive economy. | (10) |
| Q.3 | Over the last decade, Amartya Sen and Martha Nussbaum's Capability Approach (CA) has come to play a major role in political philosophy and normative economics and has emerged as an alternative to standard economic frameworks for thinking about poverty, inequality and human development generally. The approach could be used to address multiple issues and provide a framework for the evaluation of public policies. Briefly discuss the capability approach to development while evaluating any policy initiative/intervention by the Government of India or any State Government. | (10) |

Part: B

(Word limit: Approx. 300 words)

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|-----|---|-----|
| Q.4 | Answer briefly any one of the following: | (5) |
| | <p>a) The sustainable development goals indicate several development goals. In this context, it has been realised that Gandhi's ideas are crucial and still relevant. Do you agree with the statement? Justify your position.</p> <p>b) In recent years there has been an increasing awareness that development has had a differential impact on the relations between men and women. Discuss any two broad theoretical positions that focus on gender and development.</p> | |

Part: C(Answer **any two** of the following questions)

You must answer the problems as a phenomenon and substantiate additional facts and evidence from the conceptual and measurement worlds (wherever possible). Also, support your analysis with strong arguments, reasoning, rationale and/or examples. You may take the aid of a chart, table, diagram and/or figure wherever necessary.

Word limit: (8 marks : approximately 350-400 words & ± 50 words), (5 marks: approximately 225-275 words & ± 30 words), (4 marks: approximately 120-150 words & ± 20 words), (3 marks: approximately 80-100 words & ± 20 words), (2 marks: approximately 50-70 words & ± 10 words).

- Q.5 a) Explain the categorical/nominal data with an example. What statistical tools and tests will you apply for the categorical/nominal dataset? (2+2+4=8)
- b) Discuss the observation and interview methods with an example of CIRP (NCLT proceedings). How will you determine the sample size of the interview and the number of days of observation? Explain.
- c) Illustrate the type of dataset and interpret the results. What are your conclusions/findings in the following results?

Variables: Selling price, age of antique clocks and the number of bidders in the auction.

Results**Descriptive Statistics**

	Bidders	Price	Age
Valid	32	32	32
Missing	0	0	0
Mean	9.531	1327.156	144.938
Std. Deviation	2.840	393.134	27.395
Minimum	5.000	729.000	108.000
Maximum	15.000	2131.000	194.000

Correlation**Pearson's Correlations**

Variable		Bidders	Price	Age
1. Bidders	Pearson's r	—		
	p-value	—		
2. Price	Pearson's r	0.395	—	
	p-value	0.025	—	
3. Age	Pearson's r	-0.254	0.730	—
	p-value	0.161	< .001	—

Linear Regression**Model Summary - Bidders**

Model	R	R ²	Adjusted R ²	RMSE
H ₀	0.000	0.000	0.000	2.840
H ₁	0.886	0.785	0.770	1.362

ANOVA

Model	Sum of Squares	df	Mean Square	F	P
H ₁ Regression	196.212	2	98.106	52.924	< .001
Residual	53.757	29	1.854		
Total	249.969	31			

Note. The intercept model is omitted, as no meaningful information can be shown.

Coefficients

Model	Unstandardized	Standard Error	Standardized	T	P
H ₀ (Intercept)	9.531	0.502		18.987	< .001
H ₁ (Intercept)	15.063	1.327		11.348	< .001
Price	0.009	9.104×10 ⁻⁴	1.242	9.857	< .001
Age	-0.120	0.013	-1.161	-9.211	< .001

- Q.6 The insolvency laws involve various stakeholders including Corporate Debtors (CDs), IRPs/RPs, financial creditors (secured and unsecured) and operational creditors. However, from a pragmatic aspect, ensuring the welfare of all the stakeholders with varied interests seems a long-drawn idea. This is highlighted from the creditor-centric approach of the code which sets its preference towards the financial creditors more than the operational creditors and the CDs. The law has tried to maintain some level of efficiency by not giving decision-making rights to the operational creditors and instead to financial creditors who are the major stakeholders in the CIRP proceedings. (8)

The insolvency laws in order to seek efficiency, have long sought to achieve the two major goals in this direction – Dues recovered by the creditors in respect to their claims and the Time which is taken to complete such a recovery process. But then, as has been shown by the data, creditors have suffered major haircuts in their claims. Nevertheless, the solution provided by IBC is indeed an improvement where there is still some scope for improvement in the welfare of the financial creditors without making the operational creditors worse off. Such welfare in a stricter sense can only be ensured by preventing the significant haircuts in the claims.

In CIRP proceedings, the operational creditors are given the least priority among all other major stakeholders of the insolvency process. In this regard, it is pertinent to consider that efficiency is more of a theoretical utopia. The efficiency can still be achieved if one of the stakeholders loses its utility only if the other gains utility and the gain of the latter is more than the loss of the former. Applying the same to the current question, for establishing efficiency the CIRP should increase the utility of the financial creditors more than it causes loss to the utility of the operational creditors. However, the financial creditors too are not satisfied by the resolution plans in various instances, leading to the filing of cases in tribunals and courts. In an economic analysis, the CIRP process though does not maximise the welfare of the operational creditors, it also does not make the financial creditors better off to the extent that the loss of the welfare of the operational creditors can be compensated. This has also been reiterated by the Apex Court, where the court emphasized the equitable treatment of every creditor in the insolvency process.

Ex-ante CIRP/IBC ensured that the stakeholders would arrive at an efficient outcome through bargaining and negotiation regardless of the initial allocation of legal rights. It also minimizes transaction costs to facilitate a voluntary resolution/settlement process; otherwise, it is costly to determine how much stakeholder value the same. IBC helps creditors to recover their dues through a cost-efficient ex-ante CIRP process. The structure of IBC is to minimize the harm caused by the failure of a private agreement/settlement. However, when private negotiation/settlement fails, the insolvency law allocates the rights to the party who values them the most. CIRP is a unique mechanism which provides a group solution while maintaining the balance between the welfare of the stakeholders and the efficiency of the process.

Based on the above framework, you are required to apply the tools of Pareto efficiency/improvement, Pareto optimality, Kaldor-Hick improvement/efficiency, Coase Theorem, Normative Coase and Normative Hobbes. (You can also add more practical aspects or scenarios to explain the above tools.)

- Q.7 a) Discuss moving from Incomplete Information to Asymmetric Information in the context of the COVID-19 Pandemic. (5+3=8)
 b) Discuss any two of the theories: Trickle down effect/Spread Effect; Rostow's Model of Economic Growth or Leontief Paradox.

Part: D

(Answer **any one** of the following questions)

- Q.8 a) Write any two important definitions of regulations. Explain the economic rationale of regulations. (4.5x2=9)
 b) Define institutions and explain four different types of transactions that take place in specific kinds of institutions.
- Q.9 a) Explain the disadvantages of the Command and Control regulatory strategy as identified in Neo Classical economics. (4.5x2=9)
 b) Examine the price and quantity difference between the regulatory strategies of pollution permit (carbon cap) and pollution tax. Which strategy would you advocate?
