

Notes on mid-term exam

General information

Date: 29 Sep 2010

Time: 10-12noon

Venue: MPSH1, Section A

Coverage:

Topic 1. Introduction: China's rapid development and its global implication

Topic 2. Setting the stage: geography, history, and socialist experience

Geography

Historical experience and implications

Topic 3. Reform and transition:

Transition strategy

Rural and income inequality

Urban (up to lecture 6 on 15 Sept)

Format: short answer questions (answer 4 of 5 questions)

Same question: After three decade of continuous efforts, China has developed a modern financial sector. What are the main features and key weaknesses of China's financial sector?

Sample answer:

Main features: China's financial sector has grown rapidly in recent decades. It is dominated by the banking sector that is large in size but weak in areas such as global competitiveness and profitability. Financial market is small and under-developed, relative to the size of the economy. The state continues to dominate in China's financial sector.

The key weaknesses: The banking sector is dominated by a few large state commercial banks. These banks do not perform well, of characterized by low profitability and serious non-performing loan problems. Financial market continues to be heavily influenced by the government. Large amount of financial resources go to the state sector while small and medium enterprises continue to depend on retained earnings and informal financing for funding.