

UNIVERSITY OF COLOMBO

Faculty of Arts, Department of Economics

Postgraduate Diploma in Economic Development (DED) – 2017

**PgDED 5207: Development History: Policies and Problems in Sri Lanka**

Answer **FIVE (05)** questions including the compulsory Question (**QUESTION NO ONE - 40 marks**) together with **FOUR (04)** (15 marks each). Provide a structured and well organized answer to each.

**Time Allowed: 03 Hours Only**

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1. Discuss briefly (each about ½- 1 page length) any **FOUR (04)** of the following. Include a brief about the relevant concepts, if any, and any literature evidence of empirical information where relevant.
- The re-establishment of the GSP plus to exports have drawn discussion both in support and against it.
  - Economic development should be the prime goal pursued by developing countries while economic growth should be is an essential means to it.
  - Sri Lanka and Malaysia share common historical economic legacies and characteristics but had their destinies diverged considerably over the last several decades.
  - The NHDI is a better representative index than the previously used HDI for measuring development.
  - Globalization has brought together economies all across the globe, yet has also led to major changes in the direction of flows of trade, FDI and finances between the East and the West.
  - Sri Lanka's rates of inflation rose in 2016 and 2017 despite that Sri Lanka, with other countries, enjoyed no pressure of rising oil prices.
  - Sri Lanka's debt stock as a percent of GDP rose to over 80% in 2017, from just over 70% in 2014, which in the early 2000 was over 97% last 2 years, having fallen systematically since its 97% levels in 2000.

(10 marks each)

2. "Sri Lanka achieved relatively high level of development goals, but failed to achieve the level of sustained economic growth. As a result, Sri Lanka remains a below average performer amongst the countries in East Asia."

Taking into account different economic era during the post- independence years, and employing appropriate economic indicators, discuss the validity of the above statement.

3. Many argue that, Due to the fall in oil prices, many countries benefited while some were faced with unprecedented levels of crises.

- a) Do you subscribe to the above statement? Explain.
  - b) What impact do you think Sri Lanka experienced so far due to falling oil prices?
  - c) Did Sri Lanka manage to reap the benefits of fallen oil prices? Explain
4. A famous economist argued recently that developing countries like Sri Lanka should pursue global production sharing, global networking in contrast to the long held view of trade diversification and increased value addition. How do you assess the statement above as to whether it's a way forward for Sri Lanka?
5. The present government proposes the Western Region Megapolis also called the Western Region Megapolis Planning Project (WRMPP) as an urban planning, zoning, and development project aimed at creating a planned Megapolis in Sri Lanka's Western Province by 2030.
- a) Describe the salient details of the proposed Megapolis urban expansion for the western Region.
  - b) What are the possible benefits argued by the proponents of the project?
  - c) What are the adverse impacts of such massive scale urbanization?
6. Make a list of major development issues highlighted in the Sri Lanka development Update 2017 published by the World Bank Office, Sri Lanka.
- a) The Report highlights several factors as been responsible for Sri Lanka's poor economic growth performance in the preceding years. Explain briefly what these factors have been.
  - b) What are the major challenges Sri Lanka faces in maintaining an equitable and sustained development path?
7. Examine, with suitable illustrations, the importance of maneuvering fiscal policies and public finances in an appropriate manner to achieve development objectives of a country under different macroeconomic situations. What are the possible negative consequences of such state interventions which seem unavoidable due to many factors
8. Critically analyze adverse economic implications of the current oversized public sector in the country and propose some future policy measures to make Sri Lankan public sector more efficient and competitive.