

**UNIVERSITY OF COLOMBO**  
**FACULTY OF GRADUATE STUDIES**  
**Masters in Development Studies – 2017/2018**  
**Final Examination (Semester -I)**  
**MDS 6101: Economic Growth and Development**  
**Answer any FOUR (04) Questions Only**  
**Time: TWO (02) Hours**  
**All questions carry equal marks**

Please read questions carefully before start writing. Answers should be clear and to the point to obtain higher marks.

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- (1)
- i) To what extent the measures such as, the Gross Domestic Product (GDP) and per capita income are useful to understand well-being of a country? Explain your answer giving, examples where necessary. (12.5 marks)
  - ii) Development economic theories are very significant when it comes to understand and analyse diversity in economic development in the developing world? Do you agree? Explain you answer. (12.5 marks)
- (2)
- i) “The most common characteristic of the developing countries are low-income levels and poverty. But when we look at measures such as, productivity, the level of industrialization, development of financial markets and other important social indicators, the extreme diversity among the developing countries is very significant”. Do you agree with the statement? Explain your answer. (12.5 marks)
  - ii) To what extent the holistic measures of development such as, Human Development Index (HDI) help us to understand and analyse global development diversity? (12.5 marks)

(3)

- i) Explain the building blocks of classical growth theories you have studied. (9 marks)
- ii) To what extent the Classical growth theories are relevant to understand development issues in underdeveloped countries. (7 marks)
- iii) Explain the major differences between classical and neo classical development theories you have studied. (9 marks)

(4)

- i) Explain the underlying idea of growth stages theories you have studied. (7 marks)
- ii) To what extent the pre-condition for take-off stage given in Rostow's growth model contributes to a faster economic growth? (9 marks)
- iii) Do you think that the stages theories are useful to understand the development experience and to predict the future course of development of the Sri Lankan economy? (9 marks)

(5)

- i) Explain the building blocks of Neo-Classical growth theories you have studied. (7 marks)
- ii) Explain the major differences between the Neo-Classical and dependency theories. (9 marks)
- iii) Does Sri Lanka's industrialization effort after the independence resemble the ideology of dependency theory? Explain your answer. (9 marks)

(6)

- i) Explain the reasoning of Dual economy model. (7 marks)
- ii) Do you think that economic development in Sri Lanka from 1950 to 1980 can be explained better, using the dual economy model? (9 marks)
- iii) To what extent the dual economy model is useful to explain the development experience of Sri Lanka after 1980? (9 marks)

(7)

- i) "The development theory considers financial development a necessary precondition for faster economic growth". Do you agree with the statement? Explain your answer, drawing example where necessary. (12.5 marks)
- ii) After 1980, Sri Lanka's economic growth has registered some signs of improvement compared to the period between 1950 and 1980. Do you think financial development exercise in Sri Lanka is responsible for this slight improvement? Explain your answer providing examples. (12.5 marks)

(8)

- i) What do you understand by business cycle? (7 marks)
- ii) Does the business cycle theory provide better insights into the timing of policy implementation to policy makers? Explain your answer. (9 marks)
- iii) Explain how and why moderate inflation is considered a precondition for economies to grow faster. (9 marks)

----- End of the examination -----