

**University of Colombo**  
**Faculty of Graduate Studies**  
**Masters in Development Studies- 2019**  
**Semester I**

**MDS 6101: Economic Growth and Development**

Time allowed: Two (02) hours

Answer any **Four (04)** questions only.

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) Popular measures such as, the Gross Domestic Product (GDP) and per capita income are not so useful to understand well-being of a country? Explain your answer giving, examples where necessary. (12.5 marks)
- (ii) Without theories of development, we may not be able to understand and analyse the diversity in economic development in the developing world? Explain you answer. (12.5 marks)
- (2)
- (i) 'Development is a multi-dimensional process involving changes in several factors'. What are the possible factors need to be changed for a country to achieve rapid development with a view to improving the quality of life of the citizens of a county? (12.5 marks)
- (ii) 'Sri Lanka managed to achive only 4.5 per cent of average economic growth during 1951-2017 period". What might be the possible reasons for the low level of average growth rate experienced by Sri Lanka during the said period? (12.5 marks)
- (3)
- (i) Explain the reasoning of the Classical growth theory. Distinguish between the Classical and Neo-Classical growth theories. (12.5 marks)
- (ii) Does the Classical growth theory very useful to understand development issues in the developing world? Explain your answer. (12.5 marks)

- (4)
- (i) Growth stages theories provide better framework to analyse development experience as well as to programme future course of development of developing countries. Explain your answer. (12.5 marks)
- (ii) Pre-condition for take-off stage explained in Rostow's growth model is vital for a faster economic growth? Explain your answer taking examples from Sri Lanka. (12.5 marks)
- (5)
- (i) Distinguish between the Neo-Classical and dependency theories of economic growth. (12.5 marks)
- (ii) Sri Lanka's industrialization effort up to early 1980s since independence was influenced heavily by the dependency theory? Explain your answer providing examples where necessary. (12.5 marks)
- (6)
- (i) Do you think the Dual economy model is a better model to understand Sri Lanka's early development effort? Explain your answer providing examples where necessary. (12.5 marks)
- (ii) The theory of Financial Liberalization 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)
- (7)
- (i) Understanding the business cycle movement is critical to implement the right policies at the right time. Explain your answer giving examples. (12.5 marks)
- (ii) Explain how and why moderate inflation is considered an essential precondition for a faster economic growth. (12.5 marks)

(8)

(i) Though the monetary policy is considered as an effective economic management policy, it is criticized for its cost push and blunt (affect everyone alike) nature? Explain your answer providing examples.

(12.5 marks)

(ii) Does monetary expansion always increase economic growth rate of a country? Explain your answer giving examples when necessary.

(12.5 marks)

(9)

(i) The fiscal policy supports higher economic growth by stimulating only the necessary sections of the economy. Explain your answer providing examples where necessary.

(12.5 marks)

(ii) Generally fiscal policy is considered to retard economic growth. Explain your using appropriate graphs.

(12.5 marks)

(10)

(i) Define the concept of 'sustainable development and illustrate necessary guiding principles to ensure sustainable development.

(12.5 marks)

(ii) What is the difference between traditional decision making process and ecosystem-based decision making process in ensuring for a country to move towards sustainable development?

(12.5 marks)

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