

UNIVERSITY OF COLOMBO
FACULTY OF GRADUATE STUDIES
Masters of Regional Development and Planning - 2019/2020
Final Examination (Semester -I)
MRDP 6102: The Economy of Sri Lanka & Development Planning
Answer any FOUR (04) questions
Time: TWO (02) Hours
All questions carry equal marks

- 1.
- i) “Though Sri Lanka enjoyed economic prosperity when the country regained her independence, the economy performed poorly from the later part of 1950s”. Do you think that poor planning and absence of proper economic policies contributed to such sluggish performance of the economy? Explain your answer.
(10 Marks)
 - ii) What might be the possible long term economic impact of lower financial allocations on education and health in Sri Lanka?
(07 Marks)
 - iii) “Many argue that Sri Lanka should increase the financial allocations for economic services considering the needs of post war economic development needs of the country” Do you agree with this statement? Explain your answer.
(08 Marks)
- 2.
- i) Propose policy measures to policy makers to eradicate poverty in Sri Lanka?
(06 Marks)
 - ii) “Even though poverty has declined at national level, poverty disparities still exist across the districts, sectors, and provinces” What might be the reasons for the poverty disparities in Sri Lanka.
(07 Marks)
 - iii) Identify fundamental forces which contribute to the existence of income inequality in Sri Lanka.
(06 Marks)
 - iv) What are disadvantage of income inequality which affect the socio-economic development of Sri Lanka?
(06 Marks)

- 3.
- i) When countries transform themselves to become “high-income” countries, naturally the share of agriculture contribution to the economy and employment becomes smaller. Why? (05 Marks)
 - ii) Explain the role of agriculture in Sri Lanka in terms of production, export earnings and employment generation. (05 Marks)
 - iii) Identify current problems faced by agriculture sector in Sri Lanka and propose possible remedial measures to resolve such problems. (05 Marks)
 - iv) “If we argue for an increase in agriculture productivity, the best way to do that is to reduce the over-employment in the agriculture sector”. Do you agree with this statement? Explain your answer. (10 Marks)
- 4.
- i) “When the inflation rate reaches an extremely high level the economy tends to function poorly”. Do you agree with this statement? Explain your answer. (05 Marks)
 - ii) What are the factors which influenced the trend of inflation in Sri Lanka. (05 Marks)
 - iii) What are the factors contributed for the low level of inflation which persisted during the period of 1948-1977 in Sri Lanka? (07 Marks)
 - iv) Identify factors which led to a dramatic increase in inflation in Sri Lanka during the post liberalization era?. (08 Marks)
- 5.
- i) “According to Musgrave, economic development of developing countries will increase the share of direct taxes in total tax revenue” Why does Sri Lanka deviate from the Musgrave’s theory? (07Marks)
 - ii) Explain the possible consequences on the economy and the ordinary citizens due to the overwhelming dependence on indirect taxes in Sri Lanka? (06 Marks)
 - iii) According to the World Bank, “Sri Lanka has one of the lowest tax revenue-to-GDP ratios in the world” Why is the tax ratio low in Sri Lanka? (06 Marks)
 - iv) Explain the possible consequences of declining tax ratio on the economy. (06 Marks)

- 6.
- i) Explain to what extent has Covid 19 pandemic affected the Sri Lankan economy?
(13 Marks)
 - ii) Propose effective policy measures to policy makers to devise mechanism to minimise the negative impact of Covid 19 on Sri Lankan economy.
(12 Marks)
7. "It is suggested that social and political consensus on long term economic priorities can lead to many years of sustained growth in Sri Lanka. Do you agree with this statement? Explain your answer.
(25 Marks)