



# University of Kelaniya – Sri Lanka

## External Examinations Branch

### Faculty of Commerce and Management

Bachelor of Commerce (Special) Degree Examination (External) – 2009

Year II

#### BCOME 2073 – Development Economics

No. of Questions: Eight (08)

Time: 03 hours

Answer any five (05) questions.

Graph papers are provided

- (01). a) Distinguish between economic growth and economic development  
(10 Marks)
- b) “1977 economic reforms in Sri Lanka have brought about only an economic growth not an economic development” Discuss as to what extent you can agree with this statement.  
(10 Marks)  
(Total 20 marks)
- (02). a) Explain cause-effect relationships of basic variables which have formed a vicious circle of poverty in developing economies.  
(10 Marks)
- b) Discuss the major ideas put forward by economists to break the vicious circle of poverty in these countries for acquiring a rapid development.  
(10 Marks)  
(Total 20 marks)
- (03). “Several economists have attempted to explain development in terms of stages of growth”
- a) Outline major stages of growth theories and explain Rostow’s Theory of Growth.  
(10 Marks)
- b) What are the directions that can be obtained from the Rostow’s theory to acquire a speedy development for third world countries?  
(04 Marks)
- c) State the major criticisms directed against Rostow’s theory.  
(06 Marks)  
(Total 20 marks)
- (04). a) Explain Lewis’s Surplus Labour Theory highlighting its assumptions.  
(10 Marks)
- b) Discuss its relevancy to a country like Sri Lanka.  
(10 Marks)  
(Total 20 marks)

(05). a) Explain what is meant by the concept of 'demographic transition'.

(04 Marks)

b) Based on the concept of demographic transition analyze the population trends in Sri Lanka.

(10 Marks)

c) What are the major criticisms leveled against having a large population for a developing country?

(06 Marks)

(Total 20 marks)

(06). a) Discuss the role that agriculture can play in acquiring a rapid development in the third world countries.

(08 Marks)

b) Explain why developing countries are more interested in industrializing their economies.

(06 Marks)

c) Comment on the success of different industrial strategies these countries have so far followed.

(06 Marks)

(Total 20 marks)

(07). a) Suppose an economy's national savings level is 15% while its capital-output ratio is 5 of a hypothetical economy. Find out the economic growth this country can achieve based on the Harrod-Domar model.

(10 Marks)

b) If this country expects to achieve 5% economic growth in next year show the ways and means to be utilized for achieving this target showing the necessary calculations based on the above mentioned model.

(10 Marks)

(Total 20 marks)

(08). Write short notes on the following:

a) Human capital

b) Dualistic economy

c) Gini-coefficient

d) Capital intensity in production

(20 Marks)