



THE OPEN UNIVERSITY OF SRI LANKA
MA DEGREE IN DEVELOPMENT STUDIES AND PUBLIC POLICY 2012/2013
MARGA – THE OPEN UNIVERSITY OF SRI LANKA COLLABORATIVE
PROGRAMME – LEVEL VII
FINAL EXAMINATION
SSP1223/1216 – ECONOMIC FUNDAMENTALS OF DEVELOPMENT

DURATION: THREE (03) HOURS

Date: 16th March 2013

Time: 9.30 a.m. – 12.30 p.m.

Answer four (04) questions only.
Each question carries 25 marks.

1. “According to a recent World Bank study, the challenge of translating the momentum gained through peace into a sustained higher growth of 8% will require structural reforms aimed at promoting aggregate savings and private investment”. Discuss this statement in the context of national policy on private sector participation in economic development
2. High population growth, unemployment, low productivity, widespread poverty and income inequality are attributes peculiar to the developing world. Comment on Sri Lanka’s status with regard to these indicators.
3. According to the IMF, Sri Lanka should be concerned about mounting external liabilities and reserve adequacies. Comment on the consequences of widening budget deficit, deteriorating balance of payment and external borrowing in this context.
4. The Post-Washington Consensus provided a more balanced approach towards the role of the State and markets in development. Discuss the validity of this statement.
5. Briefly explain the theory of Demographic Transition. Comment on Sri Lanka’s present population structure and challenges faced with regard to its labour force participation.
6. ‘Sri Lanka’s agricultural sector continues to face challenges of inadequate assets, inefficient small farming, lack of price incentives, shortage of finances and lack of innovation’. Examine the possible causes of this situation, and the policy options available for Sri Lanka to recover.

7. 'Excessive growth of the service sector without adequate expansion in the production base of agriculture or industry has weakened the country's capacity to sustain a steady growth path'. Evaluate this statement.

8. Write short notes on any four (4) of the following

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| (a) Outward-Oriented Industrial Strategy | (d) Current Account Balance |
| (b) Macroeconomic Instability | (e) Financial Sector Reforms |
| (c) Fiscal Reforms | (f) Inflation Targeting |

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