

THE OPEN UNIVERSITY OF SRI LANKA  
MA DEGREE IN DEVELOPMENT STUDIES AND PUBLIC POLICY 2013/2014  
MARGA – THE OPEN UNIVERSITY OF SRI LANKA COLLABORATIVE  
PROGRAMME – LEVEL VII  
FINAL EXAMINATION - 2014  
SSP1223/1216 – ECONOMIC FUNDAMENTALS OF DEVELOPMENT



DURATION: THREE (03) HOURS

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Date: 23<sup>rd</sup> March 2014

Time: 1.30p.m. – 4.30p.m.

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

1. (a) Discuss the drawbacks of GDP as a development indicator in the context of developing countries.  
(b) Discuss the advantages of HDI as a measure of development.
2. The differences in the structure of economies, the role of states and markets reflect differences between developing countries. Discuss.
3. Equitable investment in human development is less likely when a society is polarized and an elite group dominates within the prevailing socio-economic and political system. Discuss this statement with reference to Sri Lanka.
4. Examine the economic implications of changing demographic trends in Sri Lanka.
5. Do you think that industrialization and economic development reinforce each other? Justify your answer with examples from Sri Lanka.
6. Is there a favorable impact of regional trading arrangements of developing countries? Explain your answer with Sri Lanka's experiences in Preferential Trade Agreements with India.
7. Explain how Balance of Payment disequilibrium causes macroeconomic instability with special reference to Sri Lanka's foreign trade experiences in the recent past.

8. Explain any five (05) of the following.

- a) Open Market Operations
- b) Industrialization and structural shifts in Sri Lanka
- c) Exchange Rate and Monetary Policy
- d) Policies and Institutions for environmental sustainability
- e) Foreign Direct Investment in Sri Lanka
- f) Interrelationship between education and health
- g) Low labour productivity in agriculture

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