

THE OPEN UNIVERSITY OF SRI LANKA
 POSTGRADUATE DIPLOMA IN DEVELOPMENT STUDIES AND PUBLIC
 POLICY (2007/2008)
 (A COLLABORATIVE PROGRAMME OF THE OPEN UNIVERSITY OF
 SRI LANKA AND MARGA INSTITUTE)
 FINAL EXAMINATION – 2008
 SSP 1216 – ECONOMIC FUNDAMENTALS OF DEVELOPMENT



DURATION: THREE (03) HOURS

Date: 15th November 2008

Time 1.30 p.m. — 4.30 p.m.

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

1. “Development means the freedoms that people enjoy”. Do you agree with this statement? Justify your answer with examples.
2. Explain the Solow growth model, and assess its relevance to understand the growth process in developing countries.
3. Analyze the advantages and disadvantages of Gross Domestic Product (GDP) as a measure of economic development.
4. Explain the theory of demographic transition. At what stage in this transition are most developing countries? Justify your arguments with examples.
5. Discuss the major trends in fiscal operations in Sri Lanka.
6. Explain how the Central Bank of Sri Lanka uses open market operations as a monetary policy instrument.
7. Examine the causes of inflation in Sri Lanka. Suggest your recommendations to ease the inflation problem.
8. Write short notes on any **four (04)** of the following:
 - (a) Harrod-Domar growth model
 - (b) Economic growth *versus* development
 - (c) Sustainable development
 - (d) Macroeconomic policy framework
 - (e) Balance of payments
 - (f) Structural adjustments