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THE OPEN UNIVERSITY OF SRILANKA
DEPARTMENT OF SOCIAL STUDIES
BA DEGREE IN SOCIAL SCIENCES – LEVEL III
FINAL EXAMINATION - 2009
SSU - 2205 INTRODUCTION TO DEVELOPMENT ECONOMICS

DURATION: THREE (3) HOURS

Date: 18th October 2009 **Time: 1.30 p.m. – 4.30 p.m.**

Answer five (5) questions only. Each question carries equal marks.

1. (a) Explain the concept of 'underdevelopment'.
   (b) Provide a brief account of diversity of developing economies.

2. (a) Discuss the importance of agricultural sector in economic development.
   (b) Explain the characteristics of 'Dual Economy' based on the growth model developed by Arthur Lewis.

3. (a) Describe the Lorenz Curve using a diagram and explain how GINI coefficient is calculated.
   (b) Discuss the linkages between income distribution and development of a country using the arguments of Simon Kuznets.

4. (a) Explain how free market promotes economic growth and development.
   (b) Describe 'negative externalities' and discuss how these can be minimized.

5. 'The key challenge for sustainable development is to break the cycle of poverty, population growth and environmental degradation'. Discuss this statement giving attention to poverty-environment nexus.

6. Explain the key issues identified by the UNDP in terms of poverty reduction experiences of developing countries.

7. Discuss the implications of 'failure of entitlements' and 'deprivation of capabilities' based on Amartya Sen's arguments.

8. (a) Explain different lending mechanisms of the IMF and explain what specific problems these address.
   (b) What is Comprehensive Development Framework (CDF)? Discuss the issues that need to be considered in assessing the effectiveness of CDF.

9. (a) Describe the Long-run Dynamic Gains of Free Trade,
   (b) Explain the pros and cons of Infant Industry argument.

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