

Name:

Enrolment No:



**University of Petroleum & Energy Studies (UPES)**  
**School of Business (SoB)**  
**End-Semester Examination - December 2023**

**Program: BA (Hons.) Economics**  
**Subject / Course: Development Economics I**  
**Course Code: ECON 3011**

**Semester: V**  
**Maximum Marks: 100**  
**Duration: 03 Hours**

**INSTRUCTIONS:**

- This is a **CLOSED-BOOK EXAM**. Only **Non-scientific calculator** is allowed.
- Cellphones / Tablets / Laptops / Books / Notes** etc. are **NOT** allowed.
- All questions are compulsory. If Choice is there, it is *indicated within the question as* OR.
- Your answers must be "brief & to the point."

Q. No.	Questions	Marks	COs
<b>SECTION A</b> <b>10Q x 2M = 20 Marks</b>			
<b>Q 1.</b>	Which of the following has NOT been a cause of rising prosperity?  A) The transition from each worker doing many things to each worker doing one thing. B) Greater self-sufficiency on the part of individuals and communities. C) Greater cooperation among people and firms around the world. D) None of the above.	2	CO1
<b>Q 2.</b>	What prompted Adam Smith to write The Wealth of Nations?  A) The sudden rise of wealth as an increasingly widespread phenomenon. B) Observed inequality between the masses and the nobility. C) Observed inequality between countries in the northern and southern hemispheres. D) All of the above.	2	CO1

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<p><b>Q 3.</b></p>	<p>Suppose two countries start with the same real GDP per capita, but country A is growing at 2% per year and country B is growing at 3% per year. After 140 years, country B will have a real GDP per capita that is roughly _____ times higher than country A. (<i>Hint- you may want to review the “Rule of 70” to answer this question.</i>)</p> <p>A) 2.  B) 4.  C) 5.  D) None of the above.</p>	<p>2</p>	<p>CO1</p>
<p><b>Q 4.</b></p>	<p>To what rapid increase is the tale of “the hockey stick of human prosperity” referring?</p> <p>A) Rapid increase in global population.  B) Rapid increase in gross domestic product (GDP) per capita.  C) Rapid increase in the standard of living.  D) (B) &amp; (C) only.  E) (A), (B), and (C).</p>	<p>2</p>	<p>CO1</p>
<p><b>Q 5.</b></p>	<p>When did the world begin to shift from the handle to the blade section of the hockey stick (of human prosperity)?</p> <p>A) 0 A.D.  B) 13<sup>th</sup> century.  C) 18<sup>th</sup> century.  D) 20<sup>th</sup> century.</p>	<p>2</p>	<p>CO1</p>
<p><b>Q 6.</b></p>	<p>In addition to improved access to education and reliable energy sources, what other changes do scholars cite as a reason(s) why we experienced the recent, rapid increase in human prosperity?</p> <p>A) Improvements in institutions  B) Increase in religiosity.  C) Change in attitude.  D) (A) &amp; (C) only.  E) (A), (B), and (C).</p>	<p>2</p>	<p>CO1</p>

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<p><b>Q 7.</b></p>	<p>Japan's and Germany's economic growth after World War II are both examples of:</p> <p>A) Catching-up growth. B) Cutting-edge growth.</p>	<p>2</p>	<p>CO1</p>
<p><b>Q 8.</b></p>	<p>The Solow model is a simple model to explain:</p> <p>A) Economic growth. B) Country differences. C) Income inequality. D) None of the above.</p>	<p>2</p>	<p>CO1</p>
<p><b>Q 9.</b></p>	<p>Select the order of symbols below that mimics the following order: human capital, physical capital, ideas:</p> <p>A) eL, eK, A. B) L, A, K. C) eK, L, A. D) eL, K, A.</p>	<p>2</p>	<p>CO1</p>
<p><b>Q 10.</b></p>	<p>Consider the following: Country A has <math>K=10,000</math> and produces GDP according to the following equation: <math>GDP=5\sqrt{K}</math>. If the country devotes 25% of its GDP to making investment goods, how much is the country investing?</p> <p>A) 12.5. B) 25. C) 125. D) Cannot be determined with the given information.</p>	<p>2</p>	<p>CO1</p>

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**SECTION B**  
**4Q x 5M = 20 Marks**

<b>Q 11.</b>	Why is economics central to an understanding of the problems of development?	5	CO2
<b>Q 12.</b>	Briefly explain all the motives behind the Foreign Direct Investment (FDI).	5	CO2
<b>Q 13.</b>	How does the concept of “capabilities to function” help us gain insight into development goals and achievements? Is money enough? Why or why not?	5	CO2
<b>Q 14.</b>	<p>The very concepts of economic development and modernization represent implicit as well as explicit “value premises” about desirable goals for achieving what Mahatma Gandhi once called the “realization of the human potential.”</p> <p>- Using the context of “<i>The White Man’s Burden</i>,” briefly explain why development economics put a lot of emphasis in ‘values.’</p>	5	CO2

**SECTION C**  
**3Q x 10M = 30 Marks**

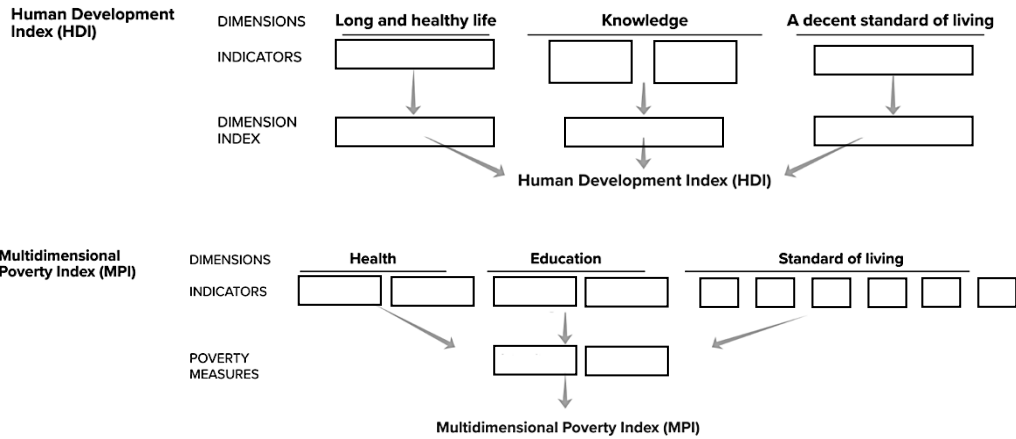
<b>Q 15.</b>	<p>The term “creative destruction” was first coined by Austrian economist Joseph Schumpeter in 1942.</p> <p><b>15.1.</b> What types of activities can cause creative destruction?</p> <p><b>15.2.</b> Why is it that trade can be thought of as a kind of technology?</p> <p><b>15.3.</b> What is the relationship between creative destruction of products and of jobs?</p> <p><b>15.4.</b> Why is creative destruction a good thing? <u>AND</u>, why is it a bad thing?</p> <p style="text-align: right;"><u>[2+2+3+3 points]</u></p> <p><u>Hint:</u> Schumpeter characterized creative destruction as innovations in the manufacturing process that increase productivity, describing it as the “process of industrial mutation that incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one.”</p>	10	CO3
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Q 16.

Fill in the boxes for HDI and MPI:



10

CO3

Q 17.

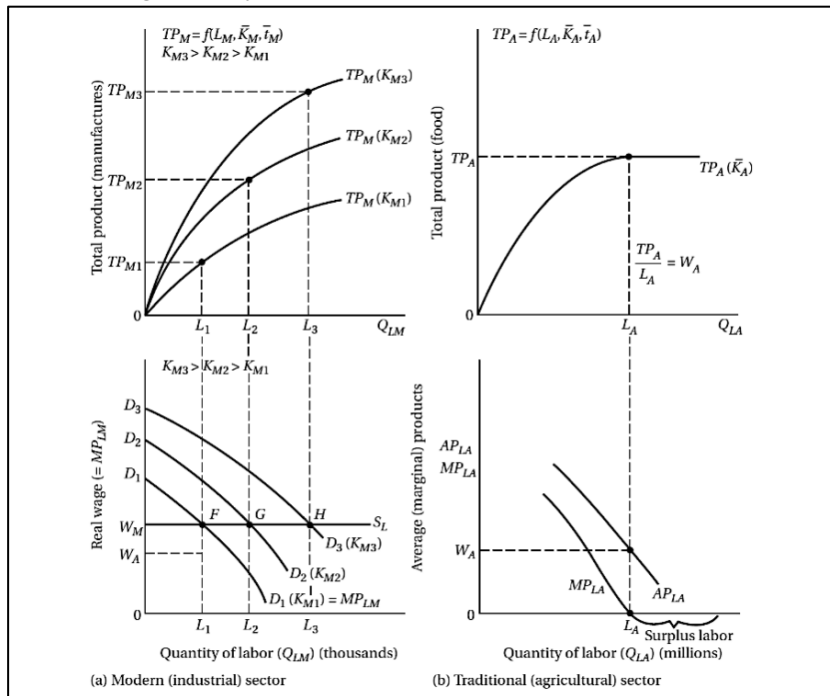
Every economy must save a certain proportion of its national income, if only to replace worn-out or impaired capital goods (buildings, equipment, and materials). However, in order to grow, new investments representing net additions to the capital stock are necessary. Explain this idea using necessary mathematical and/or diagrammatic representation of the Harrod-Domar Growth Model.

10

CO3

OR

Briefly explain the following four panels of the diagram using your knowledge of the structural-change theory in development economics.



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SECTION D

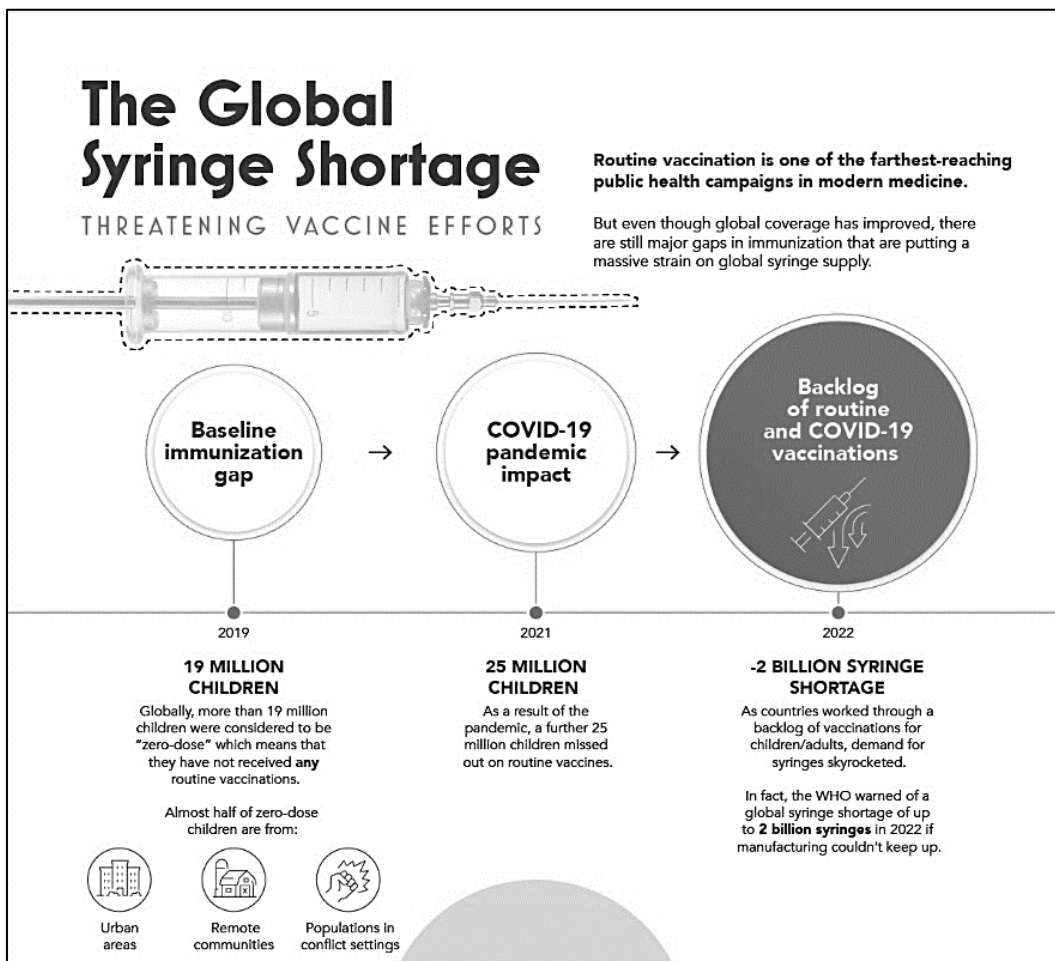
2Q x 15M = 30 Marks

Q 18.

**Critical Thinking:** Please read the snippet below: *Routine vaccination saves millions of lives every single year, according to the World Health Organization (WHO). But even though global vaccination coverage is improving, closing the gap in immunization has led to skyrocketing demand for syringes – which is forecast to result in a major shortage that could make matters worse.* **Using your understanding of the development economics in the context of global health, propose a few (at least THREE) policy recommendations to close the immunization gap and solve the syringe shortage problem.**

15

CO4



OR

Using necessary mathematical and/or diagrammatic representation, write a long note on the Solow's neoclassical growth model.

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**Q 19.**

Mauritania, officially the Islamic Republic of Mauritania, is a sovereign country in Northwest Africa. Calculate the Gender Development Index (GDI)

$GDI = HDI^{female} / HDI^{male}$  for Mauritania, using the following table.

Indicator	Female value	Male value
Life expectancy at birth (years)	66.1	62.7
Expected years of schooling (years)	9.6	9.2
Mean years of schooling (years)	4.6	5.3
Wage ratio (female/male)	0.800	
Gross national income per capita (2017 PPP \$)	5,075.306	
Share of economically active population	0.307	0.693
Share of population	0.51016	0.48984

Given the goalposts for calculating GDI as follows:

Indicator	Minimum	Maximum
Life expectancy at birth (years)		
Female	22.5	87.5
Male	17.5	82.5
Expected years of schooling (years)	0	18
Mean years of schooling (years)	0	15
Estimated earned income (2017 PPP \$)	100	75,000

15

CO4