



FACULTY OF BUSINESS MANAGEMENT
END OF SEMESTER EXAMINATIONS - APRIL 2025

PROGRAMME: BBA, BPA

YEAR/SEM: YEAR 2/SEMESTER 2

COURSE CODE: GMT 2201

NAME: DEVELOPMENT ECONOMICS

DATE: 2025-04-17

TIME: 9:00AM-12:00PM

INSTRUCTIONS TO CANDIDATES:

1. Read the instructions very carefully
2. The time allowed for this examination is STRICTLY three hours
3. Read each question carefully before you attempt and allocate your time equally between all the Sections
4. Write clearly and legibly. Illegible handwriting cannot be marked
5. Number the questions you have attempted
6. Use of appropriate workplace examples to illustrate your answers will earn you bonus marks
7. Any examination malpractice detected will lead to automatic disqualification.

DO NOT WRITE ANYTHING ON THE QUESTION PAPER

Section A Section A is compulsory

Question 1:

CASE STUDY: ASSESSING ECONOMIC DEVELOPMENT THROUGH ROSTOW'S STAGES

Beta Land, a developing and resource-rich nation, has made notable strides in economic development. Formerly an agrarian society, Beta Land has diversified its economy by investing in sectors such as manufacturing, mining, and energy. However, despite these advancements, the nation still grapples with issues like poverty, inequality, limited human capital, and inadequate infrastructure. Using Rostow's Stages of Economic Growth as a framework, this analysis will assess Beta Land's development trajectory, examine the factors that facilitated its growth, and identify the challenges it must overcome to achieve sustained progress.

Required questions:

- a) Identify and describe the five stages of economic growth according to Rostow's model and apply these stages to the Beta Land development context, highlighting key characteristics and milestones associated with each stage. **(12marks)**
- b) Evaluate the initial conditions that facilitated Beta Land's transition from the traditional society stage to the take-off stage. Discuss the role of factors such as agricultural productivity, infrastructure development, human capital accumulation, and technological innovation in driving economic growth. **(08marks)**
- c) Identify the key challenges and constraints hindering Beta Land progress through Rostow's stages of economic growth. **(08marks)**
- d) Provide policy recommendations to address the challenges identified and promote sustainable development in Beta Land. **(06marks)**
Reflect on the lessons learned from Beta Land development experience and their relevance for other developing countries. **(06marks)**

Section B Attempt any three questions

Question 1:

- a) Discuss the different forms of regional integration **(10Marks)**
- b) How does regional integration help developing countries in achieving sustainable economic development? **(10Marks)**

Question 2:

- a) Identify and explain the key components of a development plan. How do these components contribute to the effective implementation of development policies? **(08Marks)**

- b) What are the main reasons governments engage in development planning? **(05Marks)**
- c) Describe the key characteristics of development planning. How do these characteristics influence the effectiveness of planning in different economic contexts? **(07Marks)**

Question 3:

- a) "How does investment in human capital drive economic development in low- and middle-income countries?" **(08Marks)**
- b) "What are the primary causes and consequences of the education gender gap in developing regions?" **(12Marks)**

Question 4:

- a) Assume a steady-state condition, explain the effects of the following on the growth rate and the per capita variables;
 - i) Permanent increase in savings rate **(04marks)**
 - ii) Permanent increase in technology **(04marks)**
 - iii) An increase in population growth rate. **(04marks)**
- b) Assume a neoclassical production function; can a country grow its income per capita forever by simply saving and investing in physical capital? Explain your answer using a clear illustration. **(08marks)**

Question 5:

The government of a developing country has implemented policies to encourage urbanization as a means of promoting economic growth. The policies have resulted in a significant influx of rural migrants into the capital city. Analyze the potential benefits and challenges of urbanization in this context and suggest policy measures to manage the process effectively. **(25marks)**

Question 6:

- a) "How does the demographic transition model explain variations in population growth and economic development?" **(08Marks)**
- b) "What are the most effective policies for fertility reduction in developing countries, and what challenges do these policies face?" **(12Marks)**