



MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY

P.O. Box 972-60200 - Meru-Kenya.
Tel: +254 (0)799529958, +254 (0)799529959, +254 (0)712524293
Website: www.must.ac.ke Email: info@must.ac.ke

UNIVERSITY EXAMINATIONS 2024/2025

THIRD YEAR, FIRST SEMESTER EXAMINATION FOR DEGREE OF BACHELOR OF SCIENCE IN ECONOMICS

BEC 3300: DEVELOPMENT ECONOMICS I

DATE: JANUARY 2025

TIME: 2 HOURS

INSTRUCTIONS: *Answer Question ONE and any other TWO Questions.*

QUESTION ONE – (30 MARKS)

- a) Distinguish between economic growth and economic development. (8 Marks)
- b) Comment briefly on the role of institutions on long run economic development. (8 Marks)
- c) The Neoclassical growth theory outlines how a steady state is achieved when three economic forces come into play.
 - i) Provide a short description of each of the three forces. (6 Marks)
 - ii) Using a graphical representation explain the notion of the steady state. (8 Marks)

QUESTION TWO – (20 MARKS)

- a) Briefly contrast endogenous growth theory and exogenous growth theory by highlighting the forces driving each theory. (5 Marks)
- b) Give an account of the Lewis Model of economic development relating it to economic development in low income countries. (10 Marks)
- c) Why is HDI preferred to GNI as a measure of economic development? (5 Marks)

QUESTION THREE – (20 MARKS)

- a) Describe the four factors that typifies the process of economic growth. (5 Marks)
- b) Comment briefly on the four channels through which institutions support economic development. (10 Marks)
- c) Comment briefly on Rotow's linear growth mode. (5 Marks)

QUESTION FOUR - (20 MARKS)

- a) Based on the Harrod-Domar Growth Model:
 - 1. Describe its main features. (4 Marks)
 - 2. Using the model in conjunction with the Keynesian theory of savings, show why growth may not take place in the poorest countries. (4 Marks)
 - 3. In the model, three different opportunities for boosting growth can be accommodated;
 - i) What are they? (3 Marks)
 - ii) How is growth enhanced? (3 Marks)

QUESTION FIVE – (20 MARKS)

- a) Discuss five of the most critical economic, social, political and environmental factors necessary to combat the cycle of poverty in low income countries. (10 Marks)
- b) Distinguish between the Dual Economy Model, the Big Push Theory, the Balanced Growth Theory and the Unbalanced Growth Theory by relating them to the concept of inclusive growth and economic development in low income countries. (10 Marks)