



**UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL**

**FINAL EXAMINATION
MARCH 2024 SEMESTER**

COURSE CODE : EGB30803
COURSE NAME : ECONOMIC DEVELOPMENT
PROGRAMME NAME : BACHELOR OF SCIENCE (HONS) IN ANALYTICAL ECONOMICS
DATE : 29 JUNE 2024
TIME : 9.00 AM – 12.00 PM
DURATION : 3 HOURS

INSTRUCTIONS TO CANDIDATES

1. Please **CAREFULLY** read the instructions given in the question paper.
2. This question paper has information printed on both sides of the paper.
3. This question paper consists of **FIVE (5)** questions. Answer only **FOUR (4)** questions.
4. Please write your answers on the answer booklet provided.
5. All questions must be answered in **English** (any other language is not allowed).
6. This question paper must not be removed from the examination hall.

THERE ARE THREE (3) PAGES OF QUESTIONS, INCLUDING THIS PAGE.

INSTRUCTION: This examination paper comprises of five questions, answer only **FOUR (4)**. Each question carries 25 marks and the total mark for this examination is 100.

Question 1

The Lewis Dual-Sector model encapsulates the role of both traditional and industrial sectors in the economy, while emphasizing the need to transition from traditional to industrial sector through the use of labour force. Elaborate the model along with relevant diagram(s).

(25 marks)

Question 2

- (a) Lorenz curve is one of the popular measures of income inequality. It shows the gap or distance from the equal income line that represents the equal distribution between income and total population of a particular country. Draw **TWO (2)** Lorenz curves in the same diagram whereby one can be distinguished as the most desired level of income inequality and the other to be relatively worse. Elaborate both circumstances.
- (b) Explain **FIVE (5)** reasons on the need to promote the informal sector as a means to reduce the effect of urbanization.

(15 marks)

(10 marks)

Question 3

The microeconomic theory of fertility adapts the indifference curve analysis that treats children as 'goods', much like any other goods available in the market. It is given that the demand for children (C_d) is a function of the following variables:

$$C_d = f(Y, P_c, P_x, t_x), x = 1, 2, \dots, n$$

Discuss **ALL FOUR (4)** variables enlisted above that make up for the demand for children, and then illustrate only **THREE (3)** possible circumstances of the variables you have explained in only one diagram.

(25 marks)

Question 4

Despite the productive efficiency of specialized commercial farming to be unyielding, the vast majority of small farmers in least developed countries are unwilling to venture to such commercial activities, thus resulting in traditional subsistence farming that will only provide minute excess of agricultural output to be sold, with majority to be privately consumed within the household. Expound on such behaviour using the microeconomic theory of farmer behaviour along with relevant diagram(s).

(25 marks)

Question 5

- (a) The core of social cost-benefit analysis is the calculation or estimation of the prices to be used in determining the true value of benefits and the real magnitude of costs. There are many reasons for believing that in developing countries, market prices of outputs and inputs do not give a true reflection of social benefits and costs. Explain all **FIVE (5)** reasons.

(15 marks)

- (b) Explain how congestion, clean water, and sanitation are related to one another.

(10 marks)

END OF EXAMINATION PAPER