



(University of Choice)

**MASINDE MULIRO UNIVERSITY OF
SCIENCE AND TECHNOLOGY
(MMUST)**

MAIN EXAMINATION

**UNIVERSITY EXAMINATIONS
2023/2024 ACADEMIC YEAR**

FOURTH YEAR FIRST SEMESTER EXAMINATIONS

**FOR THE DEGREE
OF
BACHELOR OF SCIENCE IN ECONOMICS AND BACHELOR OF
SCIENCE IN ECONOMICS AND STATISTICS**

COURSE CODE: ECO 401

COURSE TITLE: ECONOMICS OF DEVELOPMENT

DATE: MONDAY -11-12-2023

TIME: 12:00 -14:00

INSTRUCTIONS TO CANDIDATES

ATTEMPT QUESTION **ONE** AND ANY OTHER **TWO**

TIME: 2 Hours

MMUST observes ZERO tolerance to examination cheating

This Paper Consists of 3 Printed Pages. Please Turn Over.

QUESTION ONE

- a) Discuss the concept of human capital development in the context of education. Explain the significance of investing in human capital for economic growth and development. (10 Marks)
- b) Compare the HDI scores of two or more countries at different development stages. Discuss the variations in HDI components and overall scores, and explain the implications for development. (10 Marks)
- c) Analyze the endogenous growth theory and its implications for economic development. How does this theory emphasize factors such as human capital, technological progress, and innovation in driving economic growth? (10 Marks)

QUESTION TWO

- a) Discuss the factors that have contributed to poverty and income inequality and assess the effectiveness of any government policies or interventions aimed at reducing poverty and inequality. (10 Marks)
- b) Explore the role of tourism in Kenya's economy, focusing on national parks and wildlife conservation. Assess the economic benefits of tourism. (10 Marks)

QUESTION THREE

- a) Explain how the poverty line, income distribution, Gini coefficient, and Lorenz curve are used in empirical research and policy analysis to develop strategies for reducing poverty and income inequality. (10 Marks)
- b) Define foreign aid and development finance, emphasizing their significance in supporting economic development in low and middle-income countries. (10 Marks)

QUESTION FOUR

- a) Examine the neoclassical theory of resource allocation and its implications for economic efficiency. (10 Marks)

- b) Define the concept of human capital development in the context of healthcare and explain its importance for both individual well-being and economic development. (10 Marks)

QUESTION FIVE

- a) Analyze the role of agriculture in shaping rural communities, including its influence on population dynamics, livelihoods, and cultural aspects. (10 Marks)
- b) Analyze the benefits of international trade for developing countries, such as access to new markets, technology transfer, and economies of scale(10 Marks)

