

International Institute of Information Technology  
HSS.201- Growth and Development  
Spring 2023  
Mid-Semester Exam

Time: 90 minutes

Marks: 25

Answer the following questions between 3- 5 pages each

1. Many rich countries are facing an increasingly aged population.
- a) Why is this a potential economic problem?
  - b) Do countries with a young population not have an economic problem arising out of its demographic composition? Explain.

7 + 6

2. a) How does endogenous growth theory (e.g., Romer's model) improve on the Solow growth model?
- b) In what sense are institutions claimed to be *fundamental* determinants of economic growth?
  - c) Based on the schematic framework presented in class\*, are you convinced that institutional quality is an important factor to explain divergence in growth rates across the world?

5+3 +4