EASTERN UNIVERSITY, SRILANKA

FACULTY OF SCIENCE

3rd Year 2nd semester Examination in Science 2002/2003 & 2002/2003X. 3rd Year

(Proper & Repeat) (April/May 2004)

OC 302 Advanced Economics

Answer all Questions

Time: 2 hrs

JUL 2004

- 01. Explain briefly
 - a. Can economics theory be good in theory but not good in practice?
 - b. What do you understand from "Factors of production"?
 - c. Explain five main features of capitalistic economy?
 - d. Explain the term "shift in demand curve".
 - e. Define the term "market equilibrium".
 - f. Explain unitary elastic demand.
 - g. Differentiate 'total utility' from 'marginal utility'.
 - h. Explain the law of supply

 $(8 \times 5 = 40 \text{ marks})$

02. Explain production possibility curve with diagram and show the concept of opportunity cost.

(20 marks)

03. (a) The market demand for a good Y is given by $Qd_y = 80 - 10P$ and the market supply for good Y is given by $Qs_y = -40 + 20P$ where P denotes the prices. Find out the equilibrium price and quantity for the good.

(10 marks)

(b) Explain the factors which determine the demand for a commodity.

(10 marks)

04. (a) Explain the main properties of an Indifference curve.

(08 marks)

(b) How does a rational consumer maximize his satisfaction? Analyse using indifference curve analysis.

(12 marks)