

Eastern University, Sri Lanka
Faculty of Science
Second Year First Semester Examination in BSc-2021/2022
(March/April-2024)
SP 2022 Fundamentals of Economics

Answer all questions

Time: 02 Hours

- 1.
- i. Define 'Demand' and 'Supply' (04 Marks)
 - ii. Define the Law of Demand, Demand Schedule and Demand Function (09 Marks)
 - iii. Graphically explain the equilibrium price and quantity of a commodity (04 Marks)
 - iv. Graphically show how does the following shift the demand curve (left or right) for Sri Lankan Rice at the market (08 Marks)
 - a. The number of Sri Lankan rice consumers reduced
 - b. Consumers' income increased
 - c. Government imposed more tax on rice producers
 - d. Businessmen import Indian rice at high price

(Total 25 Marks)

- 2.
- i. Define Price Elasticity of Demand? How would you categorize the price elasticity of demand? (06 Marks)
 - ii. Give formulas for Income Elasticity and Cross Price Elasticity of demand (06 Marks)
 - iii. Graphically define Total Product (TP), Marginal Product (MP) and Average Product (AP) in the short-run production. (06 Marks)
 - iv. Fill in the blank with suitable values in the short-run production

Labour	Total Product	Marginal Product	Average product
1	20	--	20
2	25	05	--
3	31	--	10.3
4	38	07	--
5	--	06	8.8
6	47	--	7.8
7	45	-02	6.42

(07 Marks)

(Total 25 Marks)

3.

- i. What is meant by 'Market'? Briefly explain about perfectly competitive market structure (08 Marks)
- ii. List out the characteristics of Monopoly and Monopolistic Markets (08 Marks)
- iii. Briefly explain the Government Monopoly. (09 Marks)

(Total 25 Marks)

4.

- I. Graphically explain the Two Sector Income Circular Flow Model of an Economy. (05 Marks)
- ii. What is meant by Gross Domestic Product (GDP)? State how it is calculated. (05 Marks)
- iii. What is Money? List out the functions of money. (07 Marks)
- iv. What is meant by Inflation? List out the effects of inflation. (08 Marks)

(Total 25 Marks)