

EASTERN UNIVERSITY, SRILANKA,

FACULTY OF SCIENCE

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

(Proper & Repeat) (April/May 2004)

OC 302 Advanced Economics

Answer all Questions

Time : 2 hrs

01. Explain briefly

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

(8 x 5 = 40 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 $Q_{d_y} = 80 - 10P$ and the market supply for good Y is given by $Q_{s_y} = -40 + 20P$ where P denotes the price. 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)