

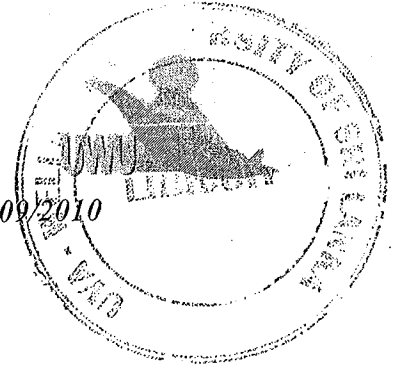
Uva Wellassa University

Faculty of Management

Year 2 Semester I - Examination December/January 2009/2010

EMG 102-3 Economics and Project Management

Section I – Economics



Index No:

Time : 15 minutes

Total marks : 15 marks

PART - C

Answer any two questions

Each question carries 25 marks

01. Hypothetical information of country called "Crazyland" is given as follows.

$C = 200 + 0.6Y_d$ Consumption

$I = 80$ Investment

$G = 35$ Government Expenditure

$T = 0.1Y$ Tax

$TR = 35$ Transfers

$X = 40$ Exports

$M = 0.2Y$ Imports

- i) Calculate the equilibrium national income of "Crazyland".
- ii) Calculate the level of consumption at equilibrium income.
- iii) Find the value of multiplier and interpret the value of multiplier.
- iv) Assume that tax equation has changed as $T = 0.2Y$. Then what will happen to the equilibrium nation income of "Crazyland"?
- v) Calculate the multiplier for current situation.

02.

- i) Define the "Monopoly Market". Explain by using the characteristics of Monopoly firm?
- ii) Show the short run equilibrium of Monopoly firm graphically.
- iii) Compare the characteristics of Monopoly firm and perfect competition firm.
- iv) Explain the characteristics of Oligopoly firm.
- v) Show the short run equilibrium of Oligopoly firm graphically.

03)

- i. List the main functions of Central Bank of Sri Lanka.
- ii. Briefly explain the term "Unemployment".
- iii. Describe the three types of Unemployment.
- iv. Explain the social cost of Unemployment.
- v. List down five (05) reasons for the world economic crisis.

