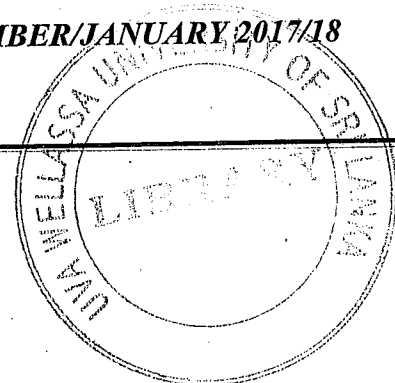


**THIRD YEAR SECOND SEMESTER EXAMINATION DECEMBER/JANUARY 2017/18**

**SCT 310 - 1 Applied Economics**



- (2)
- a). "Economics is a Social Science dealing with the Problem of Scarcity". Explain what does it meant by the "Problem of Scarcity" (10 marks)
- b). Discuss the differences between "Market Based System" and "Centrally Planned System" of resource allocation (10 marks)
- c). Graphically discuss the Scarcity using a Production Possibility Frontier (10 marks)
- d). How can an economy achieve an unattainable production or consumption point of an economy?. Explain it using graphs where necessary (20 marks)
- (Total 50 marks)**
- (3)
- a). Define market Demand and Market Supply (10 marks)
- b). Draw a market demand and a market supply curve using hypothetical demand and supply quantities (05 marks)
- c). Explain Demand and Supply Laws using the graph you drew for the section b. (05 marks)
- d). Briefly discuss how price and quantity change due to the changes in Supply and Demand (shifting Demand and Supply curves) (15 marks)
- e). Market equilibrium price and quantity generates an optimum solution for the producers and consumers. Critically evaluate this statement using the concepts of Consumer Surplus and Producer Surplus (15 marks)

**(Total 50 marks)**

(4)

Write short notes on any 5 (five) of the followings

(10 marks for each)

- a). Production Functions
- b). Returns to Scale
- c). Value Chain Analysis
- d). Primary and secondary activities of value chain
- e). Innovations and value chain
- f). Economic value added
- g). Impact of budget proposals 2018 of the Government of Sri Lanka on Science and Technology field in Sri Lanka
- h). Relevance of Economics as a formal subject for Science and Technology undergraduates

