

UNIVERSITY OF COLOMBO
FACULTY OF GRADUATE STUDIES

Postgraduate Diploma in Environment Management 2017-2018
Semester I Examination

PgDEM 5302- Fundamentals of Economics

(Three - 03 Hours)

Answer any FOUR (04) questions only.

- (1)
- (a) How do you distinguish microeconomics from macroeconomics? [Marks 06]
 - (b) How do micro and macro approaches tend to achieve economic goals? [Marks 07]
 - (c) List determinants of demand and supply. [Marks 06]
 - (d) What do you mean by consumer surplus and producer surplus? [Marks 06]
- (2)
- (a) What do you mean by price elasticity of demand? [Marks 06]
 - (b) Identify determinants of price elasticity of demand. [Marks 06]
 - (c) What do you mean by income elasticity of demand? [Marks 06]
 - (d) What changes will shift the demand curve to the right or to the left? [Marks 07]
- (3)
- (a) What are the basic differences between short run and long run production functions? [Marks 05]
 - (b) With help of diagrams, illustrate total, average and marginal product curves. [Marks 06]
 - (c) Do you think that there is a relationship between production curves and cost curves in the short run? Explain your answer with help of a diagram. [Marks 07]
 - (d) How do you explain the relationship between return to scale and long-run cost curves? [Marks 07]
- (4)
- (a) What are the basic differences between perfectly competitive market structure and monopoly market structure? [Marks 07]
 - (b) What are the necessary conditions for perfectly competitive market structure? [Marks 06]
 - (c) Distinguish between normal profit and abnormal profit under perfectly competitive market structure. Explain your answer using diagrams. [Marks 07]
 - (d) With help a of diagram explain the output and price determination of a monopoly firm. [Marks 05]

- (5)
- (a) How do you define the concept of “unemployment”? [Marks 05]
 - (b) Explain the economic and social costs of unemployment. [Marks 06]
 - (c) What are the consequences of unemployment in a developing country like Sri Lanka? [Marks 07]
 - (d) Explain the unemployment situation in Sri Lanka focusing its trend in the past, and the present. [Marks 07]

- (6)
- (a) Define the concept of “inflation” [Marks 05]
 - (b) How do you distinguish headline inflation from core inflation? [Marks 06]
 - (c) How do you distinguish demand pull inflation from cost push inflation? [Marks 07]
 - (d) Briefly explain the factors which influenced the trend of inflation in Sri Lanka. [Marks 07]

(7) Write short notes on any four (04) of the following

- (a) Production possibility curve
- (b) Structural unemployment
- (c) Seasonal unemployment
- (d) Hyper inflation
- (e) Economic growth
- (f) Free market economy

[Marks 6.25 x 4]

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