



University of Kelaniya – Sri Lanka

Centre for Distance and Continuing Education

Bachelor of Arts (General) Degree Second Examination (External) – 2013/14

2017 April – June

Faculty of Social Sciences

Economics - ECON - E 2015

Micro Economics

Answer any four (04) questions only

No. of questions : 08

Time : 03 Hours

01.

- I. Describe the scientific base of the split of economic theory into two realms called “Microeconomics” and “Macroeconomics”.
- II. “Economics is a scientific discipline”. Inquire with reasons.

02.

- I. Describe the assumptions of the Marginal Utility Theory and their relevance.
- II. Explain the Axiom of diminishing marginal utility with aid of the graphs.

03.

- I. Define Indifference Curve. Describe the properties of indifference curves with help of the graphs.
- II. Describe the consumer equilibrium based on the indifference curve framework. Derive the conditions of equilibrium.

04.

- I. Explain the Law of variable factor proportions. Describe the behavior of short-run production function with the aid of graphs based on this law.
- II. Illustrate three stages of short-run production using the above graphs.

05.

- I. Describe the Laws of returns to scale, and explain these laws with the help of iso-quant maps.
- II. Explain the relationship between short-run and long-run average cost (AC) Functions.

06.

- I. What are the assumptions of perfectly competitive market model?
- II. Why firms in a perfectly competitive market cannot earn "super normal" profits in the long run

07. Compare and contrast the market models under perfect, monopoly, and monopolistic competition based on their assumptions.

08.

- I. What is Oligopoly? Describe.
- II. "There is a non-price competition in the oligopoly market". Explain.