UNIVERSITY OF PERADENIYA
CENTRE FOR DISTANCE AND CONTINUING EDUCATION

ශාස්ත්‍රවේදී උපාධි (බාහිර - නව නිර්දේශය) පරීක්ෂණය 200 මට්ටම - 2023
கலைத்தேர்வுப் பரீட்சை (வெளிவாரிப்புதிய பாடத்திட்டம்) 200 வது தேர்ச்சி மட்டம் - 2023
Bachelor of Arts (External - New Syllabus) Examination 200 Level – Dec 2023

(ECNE 201: Microeconomic Theory)

කාලය පැය(03) තුනයි
மூன்று (03) மணித்தியாலங்கள்
Time three (03) Hours.

ප්‍රශ්න 05 පිළිතුරු සපයන්න
05 வினாக்களுக்கு மட்டும் விடையளிக்க
Answer 05 questions only.

තොපැහැදිලි අත් අකුරුවලට ලකුණු කපනු ලැබේ
எழுத்து தெளிவில்லாதவிடத்து புள்ளிகள் குறைக்கப்படும்
Marks will be deducted for illegible hand writing.

මෙම ප්‍රශ්න පත්‍රයේ අඩංගු ප්‍රශ්න සංඛ්‍යාව 07 කි
இந்த வினாப்பத்திரத்தில் 07 வினாக்கள் உள்ளன
There are 07 questions in the question paper.

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1. i. Distinguish the fundamental difference between cardinal utility and ordinal utility (07 Marks)

   ii. Briefly explain the meaning of "marginal utility" (05 Marks)

   iii. What is the relationship between total utility and marginal utility, show graphically (08 Marks)

2. i. Discuss the relationship between the law of diminishing marginal utility and the law of demand (07 Marks)

   ii. Explain the law of demand and its relationship with the demand curve (05 Marks)

   iii. What is meant by the 'utility-maximizing consumption choice'? Explain. (08 Marks)

3. A consumer whose weekly income is Rs. 36.00 wants to buy two commodities, (X, Y) of which total utility functions are given by the following equations.

$$TU_x = 50Q_x - 5Q_x^2$$
$$TU_y = 32Q_y - 4Q_y^2$$

   Assume that the price of X is Rs. 5.00 and the price of Y is Rs. 8.00

   i. Calculate the consumer's equilibrium quantities purchases (05 Marks)

   ii. How do you explain the meaning of this equilibrium? (05 Marks)

   iii. Calculate the marginal utility of money at the equilibrium (05 Marks)

   iv. Assume that the price of X has increased by Rs. 2.00, while other things remain the same. What should be the consumer's new equilibrium purchases? (05 Marks)

4. i. How do you describe a production function? (05 Marks)

   ii. Graphically show the following variables of a production function (05 Marks)

       a. Total product (TP)
       b. Average product (AP)
       c. Marginal product (MP)

   iii. What are the properties of isoquant? (05 Marks)

   iv. Describe the meaning of marginal rate of technical substitution (MRTS). (05 Marks)

5. i. What is meant by firm's equilibrium? Explain the conditions of short run and (10 Marks) long run equilibrium of firms under perfect competition and monopoly

   ii. "Monopoly causes misallocation of resources and thereby causes loss of (10 Marks) social welfare." Critically evaluate this statement

6. i. Graphically explain the law of variable proportions (04 Marks)

   ii. The total cost function of a battery is given by the following equation

   $$TC = 250 + 5Q + 0.05Q^2$$

   Where Q denotes the number of units of production.

   a. Obtain the TFC, TVC, MC and AVC functions relation to the above cost (10 Marks) function
   b. Assume that the producer is a perfect competitive firm. Find the profit (06 Marks) maximizing level of production if the price of a unit is Rs. 10/=

7. Write short notes on the following topics

   a. Substitution and Income effect of price change for a normal good

   b. Objectives of government-imposed price ceilings and price floors

   c. Consumer surplus and producer surplus
   d. Cobb-Douglas production function

   (05 marks each)

(සෑම ප්‍රශ්නයකටම ලකුණු 20 වැගිනි)
(சகல வினாக்களுக்கும் 20 புள்ளிகள் வீதம)