



General Degree Examination in Arts (October 2019)

Economics III  
ECG 3 Applied Economics

Answer any **FIVE** questions.

Total number of questions in this paper is 10.

Marks allocated for each question indicated accordingly.

( Three Hours )

1. (i) Outline the major economic reforms implemented in Sri Lanka in 1977 (08 marks)  
(ii) Discuss what impact these reforms have had on Sri Lankan economy. (12 marks)
2. (i) Define the term poverty. (04 marks)  
(ii) Briefly explain the reasons for poverty in Sri Lanka. (08 marks)  
(iii) "Poverty has been decreasing in Sri Lanka since 1990". Do you agree with this statement? Explain. (08 marks)
3. (i) Briefly explain the trends of the Sri Lanka's social welfare expenditure. (10 Marks)  
(ii) Outline the importance of the social welfare expenditure. (05 Marks)  
(iii) State five social development indicators. (05 Marks)
4. (i) What is meant by unemployment? (05 Marks)  
(ii) Outline the main reasons for unemployment in Sri Lanka. (05 Marks)  
(iii) "Since Sri Lanka's unemployment rate is less than 5% , there is no unemployment problem." Critically discuss this statement. (10 Marks)
5. (i) Describe the reasons for decreasing population growth in Sri Lanka during the last four decades. (10 marks)  
(ii) Examine the economic effects of population growth in Sri Lanka since independence. (10 marks)
6. (i) Describe the main components of the industrial (secondary) and services (tertiary) sectors in Sri Lanka. (10 Marks)  
(ii) In a modern economy, to what extent the performance of each sector dependent on each other? Explain using examples. (10 Marks)
7. (i) What are the policy measures taken by the government to increase the agricultural productivity in Sri Lanka. (14 Marks)  
(ii) Explain the impact of these policies on agriculture sector in Sri Lanka? (06 Marks)
8. (i) What are the differences between trade balance and current account balance? (05 Marks)  
(ii) Discuss both internal and external factors that contributed to the balance of payments problem in Sri Lanka after 1977. (15 Marks)

9. (i) 'The main reason for large budget deficit in Sri Lanka is the huge increase in the government expenditure'. Discuss. (10 marks)
- (ii) What are the impacts of market borrowing to finance the budget deficit in Sri Lanka? Explain (10 marks)
10. Write short notes on any **four** of following with reference to Sri Lanka.
- (a) Income inequality
  - (b) Components of Export
  - (c) Importance of service sector
  - (d) Value Added Tax
  - (e) Economic growth
  - (f) Poverty reduction strategies (05 Marks each)
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