

THE OPEN UNIVERSITY OF SRI LANKA
 DEPARTMENT OF SOCIAL STUDIES
 ADVANCED CERTIFICATE IN SOCIAL SCIENCES 2021/2022
 LEVEL 2: 1st SEMESTER
 FINAL EXAMINATION
 DSC2812 – FUNDAMENTALS OF ECONOMICS



Date: 05th June 2022

Time: 01.30pm - 04.30pm

Instructions:

1. Answer **five (05)** questions only.
 2. Each question carries twenty (20) marks.
 3. Please write your answers clearly.
1. (a) "Economics is a study of choices in a world of scarcity". Analyze this statement using examples. (10 marks)

(b) How would you spend your monthly salary/income to fulfill your needs/wants? Briefly explain using economic principles. (10 marks)
 2. (a) What are the fundamental questions that any economy has to answer? (4 marks)

(b) Explain how different economic systems answer these questions. (16 marks)
 3. (a) what is the difference between change in demand and change in quantity demanded? (5 marks)

(b) Describe the factors causing a change in supply? (15 marks)
 4. Look at the below demand-supply schedule for sandwiches in Caravan Fast Foods for a day.

Price per sandwich (Rs.)	Quantity demanded / day	Quantity supplied / day
55	250	550
50	300	500
45	350	450
40	400	400
35	450	350
30	500	300
25	550	250

- (a) Plot the demand and supply curves using the information above. Name the details properly in the graph. (4 marks)
- (b) What is the equilibrium price and quantity? (2 marks)
- (c) Using the graph show how a surplus of sandwich sales occur. How will the equilibrium price be reached again? (4 marks)
- (d) Medical doctors advise that consuming sandwiches is good for your health. How will it affect the equilibrium price and quantity of sandwiches? (5 marks)
- (e) How will a sudden increase in bread prices affect the equilibrium price and quantity of sandwiches? (5 marks)
5. (a) Discuss in brief the key characteristics of a perfectly competitive market. (10 marks)
- (b) "The special feature of monopoly is price discrimination." Analyze this statement. (10 marks)
6. (a) Explain the significance of national income computation. (8 marks)
- (b) Describe one (01) approach to national income computation. (12 marks)
7. (a) Discuss any four (04) types of unemployment using examples. (8 marks)
- (b) Why has unemployment become a major macroeconomic issue in some countries? (12 marks)
8. (a) What is the difference between economic growth and development? (5 marks)
- (b) What are the main challenges encountered by LDCs (Less Developed Countries) in achieving high growth? Explain with examples. (15 marks)

9. Write short notes on any **four (04)** of the following using graphs/diagrams and examples wherever necessary. (5 marks each)

- a) Inward looking strategy
- b) Factors of production
- c) Labour force participation rate
- d) Cost push inflation
- c) Law of demand
- f) Price ceiling

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