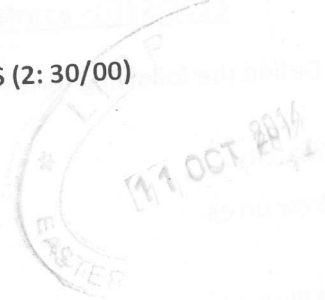


EASTERN UNIVERSITY, SRI LANKA
FIRST YEAR FIRST SEMESTER EXAMINATION IN AGRICULTURE 2005/2006

JANUARY 2014 (REPEAT)

AEC 1101: INTRODUCTORY MICRO ECONOMICS (2: 30/00)

EXTERNAL DEGREE



ANSWER ALL QUESTIONS
TIME ALLOWED: 2 HOURS

01)

a) i) Illustrate the "Law of Demand".

ii) What do you understand by "Individual Demand" and "Market Demand"?

b) i) Define the term "Market Equilibrium".

ii) The individual demand for egg is given as $12 - 2P_x$ and there are 1000 identical consumers in the market. The individual supply of egg is given as $20P_x$ and there are 100 unique suppliers in the market. Find out the equilibrium price and equilibrium quantity mathematically.

02)

a) i) What do you mean by "Price Elasticity of Demand"?

ii) Calculate the Price Elasticity of Demand for the given data below.

Price(Rs)	Quantity Demanded
9	150
10	110

b) i) List the factors affecting demand, and describe the effect of any two factors on demand for product.

ii) Differentiate between "Compliment" and "Substitute" goods.

03)

- a) Define the following terms:
 - i) Scarcity
 - ii) Resources

- b) i) Illustrate the "Basic Circular Flow Model" which has households and firms as two basic units.

ii) illustrate the "Production Possibility Curve".

04)

Write Short Notes on the following.

- a) Micro vs Macro Economics.
- b) Typical Production Curves and Stages of production.
- c) Opportunity Cost.