



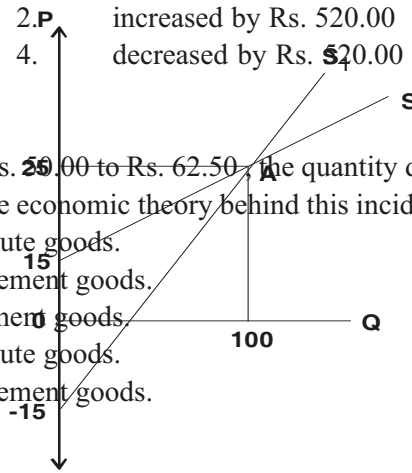
4. If the wages for labour and the income earned on property are spent on the consumption decisions by people in a certain economy ; it implies,
1. The way production is determined by a market economy.
  2. That the consumption level of that economy is high.
  3. The choice happens between income and consumption
  4. The way the consumption is determined in a command economy.
  5. That a higher proportion of earned income is spent on the consumption in a market economy. ( ..... )

5. When the production lies on a certain point on the production possibilities curve,
1. The production of one good can be increased without sacrificing from the other.
  2. There is a production inefficiency of the economy.
  3. The availability of resources are fully utilized.
  4. The technology is changed.
  5. It shows an increase in the productivity. ( ..... )

6. An effect created within the economy due to specialization is,
1. increase in unit cost.
  2. Increase in consumer satisfaction.
  3. increase in factor productivity.
  4. increase the total production cost.
  5. Decrease in marginal production. ( ..... )

7. A certain mango producer produces 100 mangoes and sells each at Rs. 10/=. The price elasticity of demand of this is -2.0. If the mango price is reduced by 20% in the next term, the total revenue of the farmer is,
1. increased by Rs. 1000.00
  2. increased by Rs. 520.00
  3. decreased by Rs. 480.00
  4. decreased by Rs. 520.00
  5. increased by Rs. 480.00 ( ..... )

8. If the price of one commodity increased from Rs. 20.00 to Rs. 62.50, the quantity demanded of the other is reduced from 40 to 20 units what would be the economic theory behind this incident ,
1. The elasticity is 2.0 and they are substitute goods.
  2. The elasticity is 0.2 and they are complement goods.
  3. The elasticity is 2 and they are complement goods.
  4. The elasticity is 2.5 and they are substitute goods.
  5. The elasticity is 2.5 and they are complement goods. ( ..... )



9.

According to the above diagram, which of the following shows the elasticity of point A related to S and S<sub>1</sub> respectively,

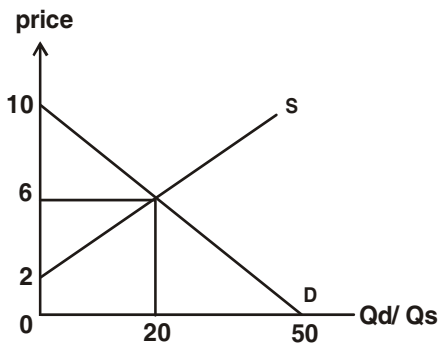
- 1. Esp = 2.5 and 0.62
- 2. Esp = 0.8 and 1.5
- 3. Esp = 1.0 and 0.8
- 4. Esp = 0.62 and 2.5
- 5. Esp = 1.5 and 0.8 ( ..... )

10. Qd = 600 - 10 P  
Qs = 100 + 10 P

For the above market if government imposes Rs. 40.00 of minimum price and if the surplus is not been purchased by the government, the commodity price would be,

- 1. Rs. 40.00
- 2. Rs. 10.00
- 3. Rs. 20.00
- 4. Rs. 25.00
- 5. Rs. 15.00 ( ..... )

11. The equilibrium market for certain good is as follows.



What would be the minimum income expected by the producer by selling 20 units from this good?

- 1. Rs. 80.00
- 2. Rs. 180.00
- 3. Rs. 120.00
- 4. Rs. 40.00
- 5. Rs. 160.00 ( ..... )

12. The demand and supply equations of a certain good in a certain market within a given time period are as follow.

P	Qd	Qs
80	500	900
70	600	800
60	700	700
50	800	600

Related to this good, if government imposes Rs. 10/= of unit tax on the producer , what would be the excess supply at Rs. 70.00 after the taxation.

- 1. 200
- 2. -200
- 3. 100
- 4. -100
- 5. 300 ( ..... )

13. If the market demand function of a certain good is Qd = 20 - 2P and excess demand function is ED = 30 - 6P, what would be the production surplus at the equilibrium?

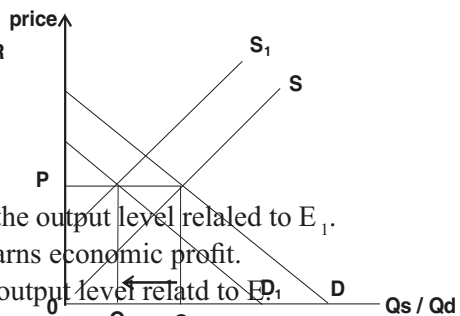
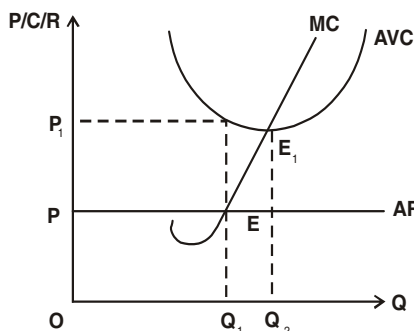
- 1. 25
- 2. 22.50
- 3. 12.50
- 4. 75.00
- 5. 25.50 ( ..... )

14. The demand and supply curves of a certain good are as follow.

select the reason that can be caused to shift the equilibrium quantity from  $Q$  to  $Q_1$ ,

1. Production subsidy and consumer tax.
2. Increase in cost and price reduction of complement price.
3. Technological improvement and reduction in consumer income.
4. Production tax and price reduction of substitute goods.
5. Price increase in complement goods and lower consumer desire on the particular good.( ..... )

15. Which of the following statement that can be agreed according to the given diagram.



1. The profit of this firm is maximised at the output level related to  $E_1$ .
2. At the output level related to 'E', firm earns economic profit.
3. The firm earns an economic loss at the output level related to  $E_1$ .
4. The short run supply curve of the firm is the upward slope of the Marginal Cost curve which lies above 'E'
5. The minimum supply price of the firm is P. ( ..... )

16. When Marginal Production of labour equals to its Average Production,

1. The Marginal Production of labour is maximized.
2. The Marginal Cost and the Average Cost of the Production are zero.
3. The Marginal Cost of the production equal to the minimum average variable cost.
4. Average Total Cost gets a minimum value.
5. The Total Production gets maximum value. ( ..... )

17. A perfectly competitive firm sells 200 units at Rs. 250/= of each per week. The cost of the firm given as below.

Total fixed cost	20,000
Total variable cost	60,000
Marginal cost	200

What has to be done by the firm to maximize the profit or minimize the cost in the short run?

1. Terminating the entire production.
2. Expansion of output.
3. Contraction of output.
4. Increase in price.
5. Maintaining the output at current level. ( ..... )

18. What is meant by the 'Perfectly elastic demand curve' of the perfectly competitive market.

1. The ability of selling unlimited amount of commodities at the existing price of the firm.
2. When output levels is increased, the marginal cost remain unchanged.
3. The total revenue of the firm can be increased by raising the price of the commodity .
4. The total revenue of the firm remains constant at whatever quantity that firm produces.
5. In whatever quantity that firm produces, the price remains unchange. ( ..... )

19. Normal profit means,

1. The average profit amount that firm earns within a certain years.
2. The average profit an industry earns within a certain years.
3. The minimum required profit expected, to employ the production factor at current production level.
4. The required profit amount of the firm to maintain the production at the equilibrium.
5. The profit which is created when marginal cost equals to the marginal revenue. ( ..... )

20. Which of the following would be the reason to have a lower level of Gross National Production than Gross Domestic production, calculated at market price in a certain year.

1. Negative net indirect tax.
2. Negative Net Foreign Factor income.
3. Negative net exports.
4. Negative foreign resource gap.
5. Positive net indirect tax. ( ..... )

21. What would be the index which shows the situation of a higher rate of expenditure than the national income of an economy in a certain year.

1. Increase in state expenditure.
2. Decrease in income of foreign investment.
3. Negative value in Balance of Payment.
4. Contraction in the income amount.
5. Negative net foreign transfers. ( ..... )

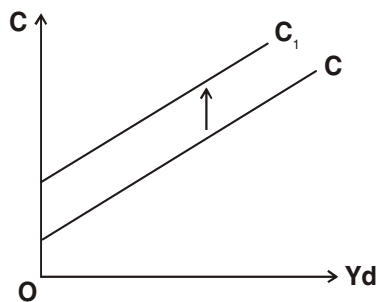
22. Among following what would be the factor which causes for the overestimation of Gross Domestic Production, when it is included under the expenditure approach?

1. Fixed capital expenditure
2. Consumer expenditure
3. Expenditure made to purchase second hand commodities.
4. Expenditure on final products.
5. Inventory changes. ( ..... )

23. Which of the following would not be included in national income?

1. Undivided company profits.
2. Net earnings of farmers.
3. Aid given by the government for senior generation in households.
4. Income earned by a musician.
5. Interest payment done by businessmen for supplying financial capital. ( ..... )

24. A situation that is possible in moving from trough to peak in the business cycle.
1. Increase in real output, Increase in employment, Increase in inflation.
  2. Increase in real output, Decrease in employment, Decrease in inflation.
  3. Increase in real output, Increase in employment, Decrease in inflation.
  4. Increase in potential output, Decrease in employment, Inflation is created.
  5. Increase in potential output, Decrease in real output, Decrease in inflation. ( ..... )
25. In national accounting, what would be the national account concept that wages + Interest + Profit + Property income + primary income balance in balance of payment.
1. Gross National Income
  2. Net Domestic Production
  3. Net Domestic Income
  4. Gross National Production
  5. National Income ( ..... )
26. What would be the value of GDP deflator, when Nominal Gross Domestic Production is Rs. 1600 million and Real Gross Domestic Production in Rs. 1200 million?
1. 0.75
  2. 133.3
  3. 75
  4. 1.66
  5. 220 ( ..... )
27. Which of the following defines the 'equilibrium output level' accurately in macro economic analysis?
1. Any output level which can be maintained without getting fluctuations from the exciting value.
  2. The constant output level which can be maintained above the unemployment level.
  3. Income or output level which is determined on the PPC without fluctuations.
  4. Maintaining the existing employment level at a minimum level.
  5. Full employment level or equilibrium output level which lies above that. ( ..... )
28. Due to the changes occurred in consumption of a certain economy, the changed consumption curve is as follows.



According to the given diagram, select the statement which can be agreed.

National Income	Marginal Propensity to consume	Average propensity to save
1. Increase	Decrease	No change
2. Decrease	Increase	Decrease
3. Increase	No change	Increase
4. No change	No change	Increase
5. Decrease	Increase	Decrease

( ..... )

29. In a certain closed economy, that the consumption function is  $C = 100 + 0.8 y_d$  the government purchases increased by Rs. 30 billion and to raise funds on that, autonomous tax was raised by Rs. 30 billion. Which of the following would be an effect of that?
1. Increase in equilibrium National Income by Rs. 100 billion.
  2. Decrease in aggregate demand by Rs. 30 billion.
  3. Decrease in equilibrium National income by Rs. 100 billion.
  4. Increase in aggregate demand by 30 billion.
  5. No any change created in aggregate demand. ( ..... )
30. What would be the investment level of a simple economy if  $C = 30 + 0.6 y$  and  $y = 1000$
- |         |         |           |
|---------|---------|-----------|
| 1. 630  | 2. 2500 | 3. 370    |
| 4. 3000 | 5. 600  | ( ..... ) |
31. In a simple economy, the Marginal Propensity to Consume is 0.6. What would be the expansion of equilibrium income due to increase in autonomous investment by Rs. 150 billion.
- |                    |                   |                   |
|--------------------|-------------------|-------------------|
| 1. Rs. 375 billion | 2. Rs. 15 billion | 3. Rs. 60 billion |
| 4. Rs. 9 billion   | 5. Rs. 68 billion | ( ..... )         |
32. Which would be the cost given below that can be included into the external cost of production.
1. Cost included in private accounts of the producer.
  2. The advantages which can be obtained by the external parties due a production.
  3. The cost which is not gained by the producer but has to bare by the external society.
  4. The cost on production factors that are belonged to the external parties.
  5. External costs like droughts which cannot be controlled by the producer. ( ..... )
33. Which of the following gives the meaning of current account deficit in government's budget?
1. Government savings are sufficient to cover up the current expences.
  2. Positive government savings.
  3. Public businesses should be sold to the private sector.
  4. Capital expenditure has to be reduced.
  5. Loans have to be obtained to maintain the economic activities of the government.( ..... )
34. Identify the credit approach cause to not to create an inflationary effect due to state budget deficit.
1. Getting low from the Central Bank.
  2. Getting loans from the Insurence Companies.
  3. Getting loans from Commercial Banks.
  4. Getting loans from foreign sector.
  5. Getting loans from Sampath Bank. ( ..... )
35. Among following which would be more appropriate for 'Common resources'
1. Goods which have a competition in consumption and that the consumption cannot be limited.
  2. Goods that the consumption can be limited but no competition in consumption.
  3. Goods which can be consumed collectively.
  4. Goods which can be consumed by the entrire would but no competition.
  5. Goods that the social benefit is high and positive externatties are existing. ( ..... )



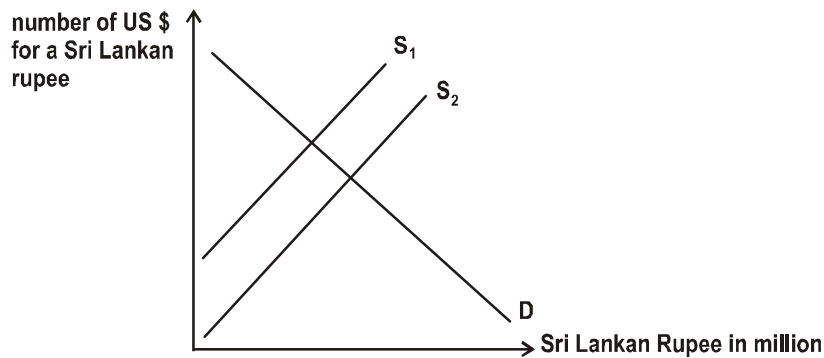


43. The added value of a unit of domestic product under the free trade is Rs. 2000/-.  
 The domestic market price of a unit of an imported textile is Rs. 4000/-  
 If 10% tariff is imposed on imported textile and 5% tariff is imposed on imported inputs,

	<b>Non - tariff Effective rate of protectinism on imported inputs</b>	<b>Effective rate of Protectinism on inputs with tariff</b>
1.	25	10
2.	20	15
3.	15	20
4.	10	25
5.	22	15

( ..... )

44. The demand and supply for the Sri Lankan rupee in the foreign exchange market is as follows.



Which of the following is caused to shift the above supply curve from  $S_1$  to  $S_2$ .

1. Arrival of more tourists to Sri lanka from the USA.
  2. Increase in exporting the textile to the USA.
  3. Increase in American investment in the Colombo Stock exchange.
  4. Sri Lankans tempt to have tours to America.
  5. Subsidizing export entry industries in Sri Lanka. ( ..... )
45. Which of the following is resulted when the Sri Lankan rupee value is reduced from Rs. 120 to Rs.96 related to the US \$.
1. When textile is exported, the price of that would be reduced.
  2. The imported cloth to Sri Lanka from America would be very expensive.
  3. The US \$ value is increased in terms of Sri Lankan rupee.
  4. Compared with the US \$, the Sri Lankan rupee has been depreciated.
  5. Sri Lankans who travel to the USA are benefitted. ( ..... )
46. In measuring the human development, select the essential group of factors for a favourable living standard.
1. Favourable health condition , needy things for a favourable life well-governance.
  2. Freedom of choice, security and favourable social relationships.
  3. Freedom of choice, well-governance, security.
  4. Favourable social relationships, security, Environmental Protection.
  5. Environmantal protection, well-governance, Freedom of choice. ( ..... )

47. In addition to the social development, what is expected to achieve the sustainable development.
1. Minimize the poverty, environmental protection.
  2. Equal income distribution, economic efficiency.
  3. Economic structural changes, Economic stability.
  4. Environmental protection, Economic structural changes.
  5. Social Development, environmental protection. (.....)

48. Which one of the following would be considered as the "International Poverty line" after 2015.
1. \$ 1.09
  2. \$ 1.90
  3. \$ 1.25
  4. \$ 1.00
  5. \$ 1.52 (.....)

49. According to the new survey conducted in 2012/2013, the Province and the District that the highest rate of poverty is recorded are,

	<b>Province</b>	<b>District</b>
1.	North	Mulathi
2.	Uva	Badulla
3.	North	Kilinochchi
4.	Uva	Mulathi
5.	East	Monaragala

(.....)

50. According to the World Bank classification, when countries are classified based on per capita income, what would be the income limit that low income countries are identified.
1. \$ 975
  2. \$ 1025
  3. \$ 1045
  4. \$ 875
  5. \$ 4125 (.....)