Tertiary and Vocational Education Commission		
Diploma in Quantity Surveying		
NVQ Level 05 – Semester I		
General Economics	**F45C002M07**	**Three Hours**
Answer any five (05) questions only		

Question -01

(i) Briefly explain the human needs and wants with suitable examples. (02 Marks)

(ii) Explain about the types of economics. (02 Marks)

(iii) Differentiate economic goods and free goods with suitable examples. (04 Marks)

(iv) Give a relationship between general economics and building economics. (04 Marks)

(v) Briefly describe about economic growth and investment. (04 Marks)

(vi) Define the term "scarcity" and state 04 types of scarcities that can be occurred in the construction industry. (04 Marks)

Question -02

(i)   Explain the contribution of private sector towards the development of the construction industry? (03 Marks)

(ii)   Describe about "Public-Private Partnership". (03 Marks)

(iii)   Briefly explain the factors of production with suitable examples. (06 Marks)

(iv)   Discuss about SWOT analysis relating to the construction industry. (08 Marks)

Question -03

(i)   The cost of the building construction depends on various factors that directly affects on the overall budget of the built environment. The site factors, various design factors and prevailing market conditions on building materials are among those.

a) Give five (5) site factors that affect on the cost of the building. (2½ Marks)

b) List out five (5) measures that can be taken to prevent wastages in building construction. (2½ Marks)

c) Compare how a cost influences on the construction of a building in an urban area and a rural setup. (04 Marks)

(ii) Briefly explain the contribution of the Gross Domestic Product (GDP) on the country employment. (06 Marks)

(iii) "Minimum price control law and regulation are imposed by the government to protect the Producers" argue this statement using graphs where it is necessary. (05 Marks)

Question -04

(i) Briefly explain the term opportunity cost. (03 Marks)

(ii) Briefly explain the producers and consumers' surplus theories. (06 Marks)

(iii) Briefly explain the terms Total Production (TP), Average Production (AP) and Marginal Production (MP). (03 Marks)

(iv) Complete the following table.

Output (Q)	Total Cost (TC)	Total Fixed Cost (FC)	Total Variable Cost (VC)	Average fixed Cost (AFC)	Average variable Cost (AVC)	Average Cost (AC)	Marginal Cost (MC)
0	700	700					
1	850	700					
2	1050	700					
3	1200	700					
4	1600	700					
5	2000	700					

(08 Marks)

Question -05

Read the following Market structures named as A, B, C and D and answer the below mentioned questions;

Market structure A: All firms sell an identical product (the product is a "commodity" or "homogeneous").

Market structure B: This is a market structure with a small number of firms, none of which can keep the others from having significant influence.

Market structure C: In this market, the seller faces no competition; also it is the sole seller of goods with no close substitute.

Market structure D: This market is a theoretical condition that describes a market where only one company may offer products and services to the public, in which an infinite number of firms operate.

(i)   State the names of above market structures A, B, C and D.   (02 Marks)

(ii)   Write down which market structure is considered to be a price taker and which market structure is considered to be a price maker? Explain your answers.   (04 Marks)

(iii)   How can, the market structure C is formed with a single owner? Support your answer using examples.   (04 marks)

(iv)   Economies of scale are considered as a barrier to enter into the market structure C. Describe your answers using real world examples.   (04 marks)

(v)   Compare market structure A and C.   (06 marks)

Question -06

(i)   When look back on recent past years, COVID 19 pandemic has swallowed up the entire world, including all the industries with their productions and supplies. Jack and Jill Pvt Ltd Company is the biggest floor tile manufacturer and supplier in Kandy district. On the other hand, before the pandemic situation, there were some other tile suppliers (main dealers from foreign companies) also operated their business activities from Colombo. Due to the severe COVID 19 pandemic situation, all the supplies from Colombo district has terminated.

Considering the above situation, answer the following questions.

Important Data

- Before the COVID 19 pandemic situation Jack and Jill's tiles
  Demand curve equation is $Qd = 3200 - 12p$,

  Supply curve equation is $Qs = -400 + 8p$

- After the COVID 19 pandemic situation Jack and Jill's tiles Demand curve equation is $Qd1 = 4400 – 12p$

  a) Briefly explain the other factors that control the Jack and Jill's tiles demand and
     Supply in Kandy.   (02 Marks)

  b) Determine the value equilibrium price and quantity of the Jack and Jill's tiles before and after the COVID 19 pandemic situations. Compute the new equilibrium price, quantity and compute the value of producer's surplus. You may use a graph, if it is necessary.   (08 Marks)

(ii)   Using appropriate graphs, explain the cardinal utility approaches.   (02 Marks)
(iii)   Based on the below information, calculate the marginal utilities for each utility
changes.   (08 Marks)

<u>Assumption</u>

- Material are a- tile, b- Granite and c-Terrazzo
- Total utilities are Tu_a, Tu_b, Tu_c
- Material prices are Pa= Rs 100, Pb= Rs 500, Pc= Rs 300

Quantity	Tu_a	Tu_b	Tu_c
1	6500	10200	5100
2	6600	10500	5300
3	7200	11000	5000
4	8500	12000	6000
5	10000	14500	8500