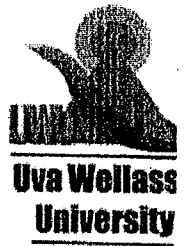


Uva Wellassa University  
Faculty of Management  
Degree of Bachelor of Technology in Science and Technology  
Degree of Bachelor of Science in Mineral Resource and Technology



***THIRD YEAR FIRST SEMESTER EXAMINATION JULY/AUGUST 2016***

**EMG 344 – 2 Applied Economics and Value Addition**

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- (2).
- (a). Discuss using relevant graphs
    - (i). Increasing Opportunity Cost (03 marks)
    - (ii). Decreasing Opportunity Cost (03 marks)
    - (iii). Constant (unique) Opportunity Cost (03 marks)
  - (b). Briefly explain how an economy can attain an unattainable consumption or production point using graphs where necessary (08 marks)
  - (c). "Innovations will increase the social welfare of the public" Elaborate this statement (08 marks)
- (Total 25 marks)**

- (3).
- (a). Define the term "Technological Change" (02 marks)
  - (b). What is meant by Product and Process Innovation? (04 marks)
  - (c). A significant initial cost, a stream of future cost and capital budgeting are important features of decision making with innovation. Elaborate. (06 marks)
  - (d). What are the major requirements for innovation (06 marks)
  - (e). Discuss the relationship between innovations and profit (07 marks)
- (Total 25 marks)**

- (4).
- Select a product or a process that you expect to add value on your own and explain why and how you expect to add value to the selected process or product according to economic theories.
- (Total 25 marks)**

- (5).
- (a). Differentiate the value chain and value chain analysis (4 marks)
  - (b). List four primary and four secondary activities of value chain (8 marks)
  - (c). In which context buyer driven value chains and producer driven value chains are operated, provide two examples (8 marks)
  - (d). Discuss why value chain analysis are important for a production firm (5 marks)
- (Total 25 marks)**

- (6).
- Write short note on five (5) of the following (05 marks for each)
- (a). Opportunity Cost
  - (b). Value Chain Analysis
  - (c). Economic Value Added
  - (d). Production Efficiency and Inefficiency
  - (e). Patent Rights
  - (f). Present Value
  - (g). Production Isoquant
- (Total 25 marks)**