

THE OPEN UNIVERSITY OF SRI LANKA
BA DEGREE IN SOCIAL SCIENCES – LEVEL 5 (2006)
FINAL EXAMINATION
AGRICULTURAL ECONOMICS – SSU 3205



DURATION – THREE (03) HOURS

Date: 05th December 2006

Time: 9.00 a.m. – 12.00 noon

Answer five (05) questions only. Select at least two questions from each part.
Each question carries 20 marks.

PART I

1. Discuss the following statements.
 - (a) “Agricultural economics uses the scientific method and economic theory to find answers to problems in agriculture”. (10 marks)
 - (b) “The relative contribution of agriculture to overall economic development declined in Sri Lanka over the past two decades”. (10 marks)
2.
 - (a) Briefly explain the Lewis Model. (08 marks)
 - (b) What are the assumptions rooted in the Lewis Model? (06 marks)
 - (c) What are the Pros and Cons related to the Lewis Model? (06 marks)
3.
 - (a) Draw an isoquant to show how a farmer in your area can choose between commercial fertiliser and a legume crop to provide Nitrogen for a growing crop. (07 marks)
 - (b) By adding an isocost line to your diagram, show how that person can determine the proper amount of each to be used. (07 marks)
 - (c) Differentiate the Marginal Rate of Technical Substitution (MRTS) from Marginal Rate of Product of Transformation (MRPT). (06 marks)
4. Discuss the following statements.
 - (a) “Market failure in agriculture in developing countries can take different forms”. (10 marks)
 - (b) What are the constraints faced by developing countries in formulating agricultural policies? (10 marks)

PART II

5.
 - (a) Explain why a pricing policy is needed? (08 marks)
 - (b) Examine appropriate criteria for deciding price levels in a system of price interventions. (12 marks)
6.
 - (a) Define “Agricultural Marketing”. (04 marks)
 - (b) Discuss the concepts of belief, value, and attitudes and their relationship to agricultural development. (16 marks)

7. (a) Differentiate between the two concepts, "Agricultural Development" and "Rural Development". (05 marks)
- (b) Given the level of diversity in less developing countries, do you think that a single and unified approach to rural development is possible? Explain. (15 marks)
8. (a) Differentiate various agricultural data sources which are available in Sri Lanka. (06 marks)
- (b) "Land productivity in less developing countries is relatively lower". Explain. (06 marks)
- (c) Why are "natural resource indicators" so valid in national income accounts? (08 marks)

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