

**THE OPEN UNIVERSITY OF SRI LANKA  
DEPARTMENT OF SOCIAL STUDIES  
BA DEGREE PROGRAMME IN SOCIAL SCIENCES – LEVEL IV  
FINAL EXAMINATION - 2007/2008  
SSU 3205 – AGRICULTURAL ECONOMICS**



**DURATION: THREE (03) HOURS**

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**Date: 28<sup>th</sup> September 2008**

**Time: 9.30 a.m. – 12.30 p.m.**

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**Answer five (05) questions only. Select at least two (02) questions from each part. Each question carries 20 marks.**

**PART I**

1. Explain the significance of domestic agricultural sector and its contribution to economic development in Sri Lanka.
2. (a) What is an economic model?  
(b) Critically examine the Lewis Model of a dual economy.
3. (a) Define a 'farm unit'.  
(b) "The output change in response to different levels of inputs are invariably explained in terms of the laws of production". Explain.
4. "Market failure in domestic agriculture in developing countries can take different forms". Discuss.

**PART II**

5. Discuss the criteria for determining price levels for agricultural commodities.
6. Examine the following statement:  
"Misuse/overuse of irrigation water and irrigation systems is only one side of the problem of low income among small farmers".
7. Critically examine the concepts of "belief", "value" and "attitudes" and their relationship to agricultural development in developing countries.
8. Given the level of diversity in less developing countries, examine whether a single and unified approach to rural development is appropriate.

9. Write short notes on any **four (4)** of the following:
- (i) Isoquant and isocost line
  - (ii) The Marginal Rate of Technical Substitution (MRTS) and Marginal Rate of Product Transformation (MRTP)
  - (iii) Production-orientation and marketing-orientation
  - (iv) Consumer surplus and producer surplus
  - (v) Dual economy and the Fei and Ranis (FR) Model
  - (vi) Intensive land use and extensive land use

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