THE OPEN UNIVERSITY OF SRI LANKA
DEPARTMENT OF SOCIAL STUDIES
BA DEGREE PROGRAMME IN SOCIAL SCIENCES – LEVEL V
FINAL EXAMINATION - 2010
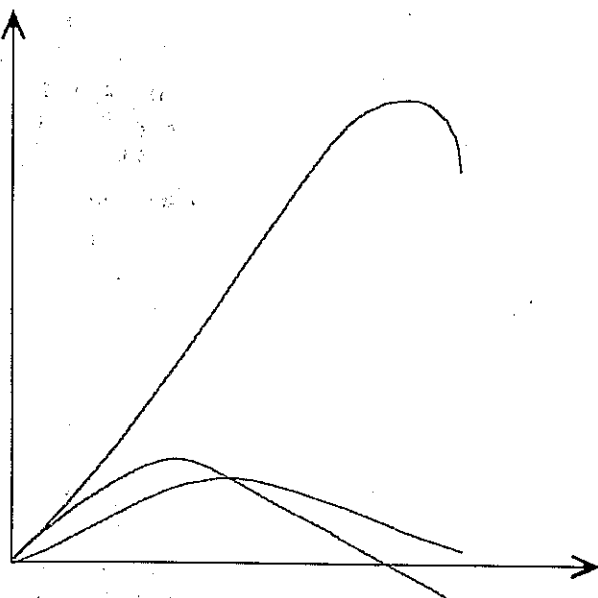SSU 3205 – AGRICULTURAL ECONOMICS

DURATION – THREE (3) HOURS

Date: 17ᵗʰ October 2010   Time: 9.30 a.m. – 12.30 p.m.

Answer five (5) questions only. Each question carriers 20 marks.

1. "Agriculture's share in overall economic development declined relatively over the past three decades in Sri Lanka". Discuss.

2. "Rains and Fei (1961) formalised Lewis's theory by combining it with three stages of economic development". Explain.

3. The Total Physical Product (TPP), Average Physical Product (APP) and Marginal Physical Product (MPP) curves are shown below for an input X_1 (fertiliser) applied to an output Y (paddy).

Now copy above curves onto your answer script.
Given these curves:
(i)   Label each curve and both axes.
(ii) On the graph above, indicate Stage II of the production function.
(iii) Why is Stage II considered as the "rational" area of production?
(iv) On the graph above, indicate inelastic area of the production function.

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4. Explain the constraints faced in formulating "agricultural policy" in developing countries.

5. Examine some of the lessons which have been learned from the successes and failures of the Guaranteed Price Scheme (GPS) of paddy in Sri Lanka.

6. Explain the following concepts and its impact on policy formulation in developing countries.
    (i)   Beliefs
    (ii)   Values
    (iii)   Attitudes

7. According to your view which "Rural Development Approach" would provide the best solution to rural development in Sri Lanka?

8. Write shorts notes on any **three (03)** of the following.
    (i)   Consumer surplus and producer surplus
    (ii)   Marginal Rate of Product Transformation (MRPT) and Marginal Rate of Technical Substitution (MRTS)
    (iii)   Market orientation and product orientation
    (iv)   Farm gate prices and consumer prices in agricultural products
    (v)   Income inelasticity for agricultural products