



THE OPEN UNIVERSITY OF SRI LANKA
DEPARTMENT OF SOCIAL STUDIES
BA DEGREE PROGRAMME IN SOCIAL SCIENCES – (2013/2014)
FINAL EXAMINATION - LEVEL V (SEMESTER II)
SSU3205 – AGRICULTURAL ECONOMICS

DURATION: THREE HOURS (03 HOURS)

Date: 02.03.2014

Time: 09.30 a.m. – 12.30 p.m.

Answer any five (05) questions. Each question carries 20 marks.

1. a) “The demand for food and other agricultural products is generally less income elastic” Explain.
b) “The share of agriculture in the economy declines as a country’s economy develops”. Discuss.
2. “The market structure in developing countries suffers from a great degree of imperfections” Explain using suitable examples from the agricultural sector.
3. The Fei-Ranis model is an extension of Lewis’s dualistic model” Explain.
4. a) Define and describe the concepts of
 - i. Marginal Rate of Product Transformation (MRPT)
 - ii. Marginal Rate of Technical Substitution (MRTS)
b) “A firm will maximize profits by producing that combination of products where the iso-revenue line is tangent to its production possibilities curve” Explain using examples of agricultural products.
5. a) Define farm management.
b) Discuss the steps of decision making process in farm management.
6. Discuss the agricultural policy instruments operated at the following levels in domestic agricultural sector in Sri Lanka.
 - a) Frontier
 - b. Farm
 - c. Market
7. a) Why do we need a pricing policy?
b) Critically examine the effectiveness of the Guaranteed Price Scheme (GPS) of paddy in Sri Lanka.

8.
 - a) Differentiate the concepts of “Production Orientation” and “Marketing Orientation” in the small farm sector.
 - b) Explain the concepts of belief, value, and attitudes and their relationship to agricultural development.

9. Write short notes on three of the following.
 - a) People’s participation and rural development
 - b) Fertilizer subsidy and self-sufficient in rice production
 - c) Natural resource indicators and national accounts
 - d) Engel Curve for food expenditure
 - e) The marginal product of Labour in traditional agricultural sector

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