

**THE OPEN UNIVERSITY OF SRI LANKA
DEPARTMENT OF SOCIAL STUDIES
BA DEGREE PROGRAMME IN SOCIAL SCIENCES – (2015/2016)
FINAL EXAMINATION - LEVEL V (SEMESTER II)
SSU3205 – AGRICULTURAL ECONOMICS**



DURATION: THREE HOURS (03 HOURS)

Date: 20th March 2016

Time: 09.30 a.m. – 12.30 p.m.

Instructions:

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

01. “Agricultural economics is nothing but application of economic principles to agriculture”
Explain
02. Critically analyze the role of agriculture in developing countries.
03. Explain the following statements:
 - (a) “Demand for agricultural primary products is likely to be income inelastic”.
 - (b) “Engel's law indicates that as income increases the proportion of income spent on manufactured goods rises and on primary products falls”.
04. Explain the following statements
 - (a) “The dual economy models posited a relatively advanced sector coexisting with a relatively backward sector”.
 - (b) “The first stage of the Fei-Rains (FR) model is similar to the Lewis model”
05. Differentiate the following using an agricultural product for each item.
 - (a) The Marginal Rate of Product Transformation (MRPT) from the Marginal Rate of Technical Substitution (MRTS).
 - (b) The Isocost line from least cost combination.
06. “Designing agriculture policy is substantially more complex in a globalized world than it was in a world of relatively closed economies” Explain.
07. Explain the influence of beliefs, values and attitudes of the people and their relationship to agricultural development.
08.
 - (a) Briefly discuss the rural development problems in Sri Lanka.
 - (b) Which approach do you think provides the best solution to the development problems of the rural communities in Sri Lanka?
09. Write short notes on **four (04)** of the following.
 - (a) Share of agriculture to GDP in Sri Lanka
 - (b) Technology and labor productivity
 - (c) Agricultural extension and agricultural practices
 - (d) “Production orientation” and “Market orientation”
 - (e) Pricing policy and the Guaranteed Price Scheme (GPS) of paddy in Sri Lanka.