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Enrollment No.....



Faculty of Agriculture
End Sem (Even) Examination May-2019
AG3CO11 Fundamentals of Agricultural Economics
Programme: B.Sc. (Ag.) Branch/Specialisation: Agriculture

Duration: 3 Hrs.

Maximum Marks: 50

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d.

- Q.1 i. Microeconomics is not concerned with the behaviour of: **1**
(a) Aggregate demand (b) Consumers
(c) Industries (d) Firms.
- ii. What was the prime target of the first five year plan of India? **1**
(a) Development of the industries
(b) Development of Agriculture
(c) Development of infrastructure
(d) Development of ports
- iii. When Marginal utility diminishes, total utility: **1**
(a) Diminishes (b) Increases
(c) Remains constant (d) Increases at a diminishing rate
- iv. In case of perfectly elastic demand, demand curve becomes: **1**
(a) Horizontal (b) Vertical
(c) Downward sloping (d) None of these
- v. If the short-run average variable costs of production for a firm are rising, then this indicates that: **1**
(a) Average total costs are at a maximum.
(b) Average fixed costs are constant.
(c) Marginal costs are above average variable costs.
(d) Average variable costs are below average fixed costs.
- vi. Which of the following is not a factor of production? **1**
(a) Materials (b) Money (c) Capital (d) Labour

P.T.O.

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- vii. In which form of market structure would price be the key factor when competing? **1**
 (a) Monopoly (b) Oligopoly
 (c) Monopolistic competition (d) Perfect competition.
- viii. Which of the following is the least competitive market structure? **1**
 (a) Monopoly (b) Oligopoly
 (c) Monopolistic competition (d) Perfect competition.
- ix. The value of national income adjusted for inflation is called: **1**
 (a) Per capita income (b) Disposable income
 (c) Inflation rate (d) Real national income
- x. Which is the apex institution to provide credit facility to agriculture and rural development? **1**
 (a) Reserve Bank of India
 (b) NABARD
 (c) National Cooperative Bank of India
 (d) State Bank of India.
- Q.2 i. Define the term 'Economics'. **1**
 ii. Distinguish between Micro and Macro Economics. **2**
 iii. Explain the role of Agriculture in Indian Economy. **5**
- OR iv. Explain the development of agricultural sector in various five year plans. **5**
- Q.3 i. What do you mean by indifference curve? **1**
 ii. What is income elasticity of demand? **3**
 iii. Explain law of demand. **4**
- OR iv. Define demand for a commodity. Explain the various factors which determine demand for a commodity. **4**
- Q.4 i. Explain the concepts of average revenue, marginal revenue and total revenue. Show how they are related to each other. **2**
 ii. Explain the concepts of total fixed cost, total variable cost and total cost. How are they related to each other? Illustrate them through curves. **6**

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- OR iii. A typical production function has three stages. Explain and illustrate. Relate these stages of production function with the shape of the total cost of production curve. **6**
- Q.5 i. Define perfect competition, explain the features of perfect competition. **2**
 ii. Distinguish between Monopoly and Monopolistic competition. **2**
 iii. Explain with the help of a diagram how price is determined in a monopolistic market. **4**
- OR iv. Explain the short-run equilibrium of the firm and industry under perfect competition. **4**
- Q.6 Attempt any two:
 i. Explain in brief the various theories of wages. **4**
 ii. What do you mean by Inflation? Explain the impact of inflation on agricultural sector. **4**
 iii. What is agricultural finance? Explain the need and problems of agricultural finance in India. **4**

Marking Scheme

AG3CO11 Fundamentals of Agricultural Economics

Q.1	i.	Microeconomics is not concerned with the behaviour of:	1
		(a) Aggregate demand	
	ii.	What was the prime target of the first five year plan of India?	1
		(b) Development of Agriculture	
	iii.	When Marginal utility diminishes, total utility:	1
		(d) Increases at a diminishing rate	
	iv.	In case of perfectly elastic demand, demand curve becomes:	1
		(a) Horizontal	
	v.	If the short-run average variable costs of production for a firm are rising, then this indicates that:	1
		(c) Marginal costs are above average variable costs.	
Q.2	vi.	Which of the following is not a factor of production?	1
		(b) Money	
	vii.	In which form of market structure would price be the key factor when competing?	1
		(d) Perfect competition.	
	viii.	Which of the following is the least competitive market structure?	1
		(a) Monopoly	
	ix.	The value of national income adjusted for inflation is called:	1
		(d) Real national income	
	x.	Which is the apex institution to provide credit facility to agriculture and rural development?	1
		(b) NABARD	
Q.3	i.	Definition of Economics	1
	ii.	Distinguish between Micro and Macro Economics.	2
		Any two difference 1 mark for each (1 mark * 2)	
	iii.	Any five role of Agriculture in Indian Economy.	5
OR		1 mark for each (1 mark * 5)	
	iv.	Development of agricultural sector in various five year plans.	5
Q.3	i.	Definition indifference curve	1
	ii.	Income elasticity of demand	3
		Definition	1 mark
		Graph	1 mark
		Formula	1 mark

	iii.	Law of demand.		4
		Definition	1 mark	
		Assumption	0.5 mark	
		Explanation	2 marks	
OR	iv.	Table + graph +criticize	0.5 mark	
		Definition demand for a commodity	1 mark	4
		Factors which determine demand for a commodity	3 marks	
Q.4	i.	Concepts of average revenue	0.5 mark	2
		Marginal revenue	0.5 mark	
		Total revenue	0.5 mark	
		They are related to each other.	0.5 mark	
	ii.	Concepts of total fixed cost		6
		Definition and graph	1.5 marks	
		Total variable cost		
		Definition and graph	1.5 marks	
		Total cost		
		Definition and graph	1.5 marks	
		They related to each other	1.5 marks	
OR	iii.	Three stages of typical production function		6
		1.5 mark for each (1.5 mark * 3)	4.5 marks	
		Relationship between them	1.5 marks	
Q.5	i.	Perfect competition	1 mark	2
		Any two features of perfect competition.		
		0.5 mark for each (0.5 mark * 2)	1 mark	
	ii.	Distinguish between Monopoly and Monopolistic competition.		2
		Any two points1 mark for each (1 mark * 2)		
	iii.	Price is determined in a monopolistic market.		4
		Any four monopolistic market diagram		
		1 mark for each (1 mark * 4)		
OR	iv.	Short-run equilibrium of the firm		4
		Any three condition 1 mark for each (1 mark * 3)	3 marks	
		Industry under perfect competition.		
		Any one condition	1 mark	

Q.6	Attempt any two:		
i.	Any two theories of wages.		4
	2 mark for each	(2 marks * 2)	
ii.	Inflation	1 mark	4
	Impact of inflation on agricultural sector.	3 marks	
iii.	Agricultural finance	2 marks	4
	Need of agricultural finance in India	1 mark	
	Problems of agricultural finance in India.	1 mark	
