**Explain the law of diminishing returns . Why this law generally applies to agriculture.**

**The Law of Diminishing Returns**

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The most important factors responsible due to which the law is applicable in agriculture are undernoted:

1. Limited Land: This law applies to agriculture is the limited size of land. Production is sought to be increased by employing more and more units of variable factors. This will result in diminishing returns.

2. Less Use of Machinery:

In the agricultural sector, there is limited use of machinery as compared to industry. The reason is that in the agricultural sector most of the work is done by hands. This also results in low productivity. Thus, agriculture remains deprived of several external and internal economies of scale. Therefore, the law of diminishing returns applies in agricultural sector.

3. Natural Factors:

Another reason due to which the law of diminishing returns applies is the natural influence like rainfall, climate, floods etc. Even, in case man makes all best efforts but nature is not in favour, the law of diminishing returns is surely to apply.

4. Seasonal Occupation:

Agriculture is a seasonal occupation. The people are not busy on land throughout the year. They remain busy only during the period of ploughing and harvesting season. This period is approximately of six months. For the remaining period, both farmers and cattle remain idle which reduce the production per worker. It is, thus, the law of diminishing returns quickly applies to agriculture sector.

5. Difference in the Fertility of Land:

All pieces of land are not equally fertile. When demand for land increases even less fertile land are also brought under cultivation. It means less marginal returns and high cost of production.

6. Ineffective Supervision:

Agricultural operations are spread over the vast areas. Therefore, effective supervision becomes most risky and difficult. The result is the law of diminishing returns.

7. Less Chances of Division of Labour:

In agricultural sector, there are very less chances of division of labour. Therefore, production on large scale is ruled out. It also results into the operation of the law of diminishing returns.

**Explain the concept of consumer's surplus with the help of marginal utility analysis what are difficulties in this measurement**

Marginal Utility analysis helps us understand the behavior of a consumer by looking at the way he spends his income on different goods and services to attain maximum satisfaction and consumer’s surplus is defined as the difference between the consumers' willingness to pay for a commodity and the actual price paid by them, or the equal price.

The [law](https://www.toppr.com/guides/business-law-cs/introduction-to-law/various-definitions-of-law/) of diminishing marginal utility applies only under certain assumptions:

1. Homogeneous units – The different units of a commodity are identical in all respects. The income, taste, temperament, habit, etc. of the consumer also remains unchanged.
2. Standard units of consumption – The units of consumption consist of standard units. If a man is thirsty, then water should be given in units of a glass. If you give him a spoonful of water, then the second spoon would conceivably have higher utility than the first.
3. Continuous consumption – There is a continuous consumption of units. That is, there is no gap between the consumption of two units.
4. Not applicable to prestigious goods – The law does not apply to prestigious goods like gold, cash, etc. where a greater quantity can increase the lust for it.
5. Related goods – If you don’t have sugar, then you will consume less tea. Hence, the utility of goods can be affected by the absence of related goods.

**What is the role of non-price strategies like advertisements in oligopoly ? Why are they important.**

Non-price competition refers to competition between companies that focuses on benefits, extra services, good workmanship, product quality – plus all other features and measures that do not involve altering prices.

oligopolistic markets is interdependence among few sellers, Sellers often compete with each other by constantly changing their product style so that more consumers are attracted.

There are several advantages associated with **advertisements** of marketing campaign:

* Better sales tactics, including social media posts, efficient forms of online advertising, and direct sales through the manufacturer.
* Improved product quality.
* Different presentation of products for varied demographics. For example, sales may increase if the same product is presented differently for men and women.
* Superior brand perception. Brands provide guidance and clarity for choices made by firms, consumers, investors and other stakeholders.