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B.Sc (Ag.) 1<sup>ST</sup> SEMESTER EXAMINATIONS (REGULAR),NOV/DEC 2019

AE-111

FUNDAMENTALS OF AGRICULTURAL ECONOMICS

Time : 2 Hours

Maximum : 50 Marks

(Answer all questions of Section – A)

SECTION – A

Q.1 Fill up the Blanks with suitable and meaningful word(s): [ 0.5 X 10 = 5]

- a Normative Economics is concerned with \_\_\_\_\_.
- b \_\_\_\_\_ is known as the father of modern Economics.
- c Inductive method is known as \_\_\_\_\_.
- d The want satisfying capacity of a commodity is called \_\_\_\_\_.
- e Willingness to pay minus actual payment is \_\_\_\_\_.
- f Direct exchange of goods/ services in lieu of same/some other goods and services is called \_\_\_\_\_.
- g Law of Diminishing Marginal Utility is also known as \_\_\_\_\_.
- h A situation of consistent rise in prices is called \_\_\_\_\_.
- i GST stands for \_\_\_\_\_.
- j In case of perfectly inelastic demand, the shape of the demand curve is \_\_\_\_.

Q.2. Define or Explain the following in one or two sentences [ 5 × 1 = 5]

- a) Consumer's surplus
- b) Law of Equi marginal utility
- c) Law of demand
- d) Factors of production
- e) Functions of money

Q.3. Match the following [10 × 0.5 = 5]

Sl. No	SET A		SET B
i	Processing of paddy to rice	i	Time utility
ii	Transfer of ownership	ii	Place utility
iii	Storage	iii	Form utility
iv	Transportation	iv	Possession utility
v	Consumer goods	v	Goods of 2 <sup>nd</sup> order
vi	Producer goods	vi	Goods of 1 <sup>st</sup> order
vii	Explicit cost	vii	Cost of family labour
viii	Implicit cost	viii	Accounting cost
ix	Oligopsony	ix	Heterogeneous product
x	Monopolistic	x	Few sellers



Q.4. Write TRUE or FALSE against the following statements.

[  $10 \times 0.5 = 5$  ]

- a) Sum total of explicit and implicitly cost is called economic cost.
- b) In perfect competition Demand curve is completely horizontal.
- c) Product promotion and advertisement is heavy in monopoly market.
- d) The World market is derived from the Greek word “Markatas”.
- e) The demands for goods of essential items are highly elastic.
- f) Luxury items are inelastic in nature.
- g) The percentage change in demand of one good as a result of percentage change in its price is called cross elasticity of demand.
- h) Extension and contraction in demand happens when there is change in the price of the commodity.
- i) When TPP is maximum, MPP is zero.
- j) Rational zone of production found in zone II in the production graph.

SECTION – B: (Short Answer Questions)

(Attempt any five questions. Each question carries equal marks) [  $5 \times 6 = 30$  ]

- Q.5 Define market. Classify markets based on competition. Write the characteristics of perfect markets.
- Q.6 Explain briefly the law of variable proportion with neat diagram illustrating three zones of production.
- Q.7 What do you mean by inflation, deflation and stagflation? Write the different types of inflation?
- Q.8 What is Barter system of exchange? Write the problems associated with barter. Enlist the stages of evolution of money.
- Q.9 What is utility? How does it differ from usefulness? Explain the Law of Diminishing Marginal Utility (LDMU).
- Q.10 What is elasticity of demand? Write the five different degrees of price elasticity along with neat graphs.