

EASTERN UNIVERSITY, SRI LANKA

FIRST YEAR FIRST SEMESTER EXAMINATION IN AGRICULTURE

NOV/DEC – 2013 (REPEAT)

EC 1101: PRINCIPLES OF AGRICULTURAL ECONOMICS

ANSWER ALL QUESTIONS

TIME ALLOWED: 2 HOURS

LIBRARY

11 OCT 2014

What do you mean by "Price Elasticity of Demand"?

i) Calculate the Price Elasticity of Demand for the given changes below and **interpret** that value.

Price(Rs)	Quantity Demanded
9	150
10	110

What do you mean by "Market Equilibrium"?

The weekly market demand and supply schedules for eggs is given below. Find the equilibrium price and the quantity.

Price per unit (Rs)	8	7	6	5	4	3	2	1
Demand (000s)	6	8	10	12	14	16	18	20
Supply (000s)	18	16	14	12	10	8	6	4

Write Short Notes on the following

- Micro vs Macro Economics
- Basic characteristics of a Competitive Market
- Opportunity Cost

What do you mean by "Consumer Equilibrium"?

A person receives income of Rs 2000. He spends that to buy rice and meat. If the price of rice is Rs 50/kg and price of meat is Rs 400/kg, draw his **Budget Constraint**?

In the given table below find out the **Marginal Utilities** and **Saturation Point**?

Number of buns	Total utility	Marginal utility
0	0	----
1	10	----
2	18	----
3	24	----
4	28	----
5	30	----
6	30	----
7	28	----

04)

a) Define the following cost terms:

- i. Total Cost.
- ii. Fixed Cost.
- iii. Variable Cost.

c) Copy the following table in your answer sheet and fill in the blanks for the different costs shown.

Out put	Fixed Cost (FC)	Variable Cost (VC)	Total Cost(TC)	Marginal Cost(MC)	Average Fixed Cost (AFC)	Average Variable Cost (AVC)	Average Cost (AC)
0	48	0					
1	48	25					
2	48	46					
3	48	66					
4	48	82					
5	48	100					
6	48	120					
7	48	141					
8	48	168					
9	48	198					
10	48	230					
11	48	272					
12	48	321					