M.A. Examination, 2014
Semester – III
Economics
Paper – XII (Group-A)
(Agricultural Economics-I)

Time: 3 Hours **Full Marks: 40**

Questions are of value as indicated in the margin.

Answer ***any four*** questions.

1. Show that a pure commercial family farm, facing perfectly competitive product and labour markets, behaves, in the first phase, as a "firm" maximizing profit and, in the second phase, as a "labourer's household" maximizing utility. 10

2. Show that when the farmers react not to the last year's actual price but to their expected price, the range of stability of farm prices becomes wider. 10

3. Examine whether Indian food grain markets are spatially integrated or not, explaining briefly the methodology of testing the 'Law of One Price' (LOP) and market integration. 10

4. Using the screening model, discuss how share cropping may arise when landlords are not sure about the true abilities and productivities of their tenants. 10

5. Using an appropriate long-run model, show that the likelihood of a perverse market supply behaviour of a subsistence crop like wheat is extremely small in a country like India. 10

6. Derive the labour allocation rule of a welfare maximizing peasant farm, producing output for home consumption. Show that the existence of surplus labour in this type of peasant economy does not necessarily require the assumption of zero marginal productivity of labour. 5+5=10

7. Do you think share cropping is an inefficient farm of land tenure in agriculture? Discuss in the light of Bardhan and Srinivasan's explanation, in this context. 10

8. Discuss lender's risk hypothesis as an explanatory argument in favour of interlinked transaction in agriculture. Discuss trader-lender and farmer-borrower interlinkages in agriculture with implication. 3+7=10