M.A. Examination, 2018
Semester-III
Economics
Course – OP-2 (Optional)
(Agricultural Economics Trade Theory)

Time: Three Hours **Full Marks: 40**

Questions are of value as indicated in the margin

Answer ***any four*** questions

1. State the "separation proposition" of agricultural household model. Show that the validity of the proposition depends on the "completeness" of the relevant markets. 2+8
2. Show that the uncertainty regarding the sign of the long-run price elasticity of marketed surplus, when estimated indirectly in the context of Indian agriculture, arises primarily from the uncertainty regarding the sign of the corresponding short-run elasticity. 10
3. Examine whether Indian food grain markets are spatially integrated or not, explaining the methodology of testing for the Law of One Price (LOP) and market integration. 10
4. Explain the significance of the "lender's risk hypothesis" for interlinked transactions in agrarian markets outline a model involving interlinked transactions between a landlord and sharecropper in a backward agriculture. 3+7
5. Applying the screening model, discuss how sharecropping may arise when landlords are not sure about the true abilities and productivities of their tenants. 10
6. Show that when the risk-averse farms are subject to uncertainty in the factors markets, the conventional optimality conditions do not hold and the endowed and operational factor proportions are positively correlated. 10
7. What is the Marshallian view on the efficiency of sharecropping? Critically discuss Bardhan and Srinivasan's argument that sharecropping is an inefficient form of land tenure in agriculture. 2+8
8. Discuss Haessel's procedure of deriving the short-run and long-run price elasticity of marketable surplus. State the major findings reported in his study in the context of Indian agriculture. 10