



**Bachelor of Animal Science
Uva Wellassa University**



**Year II Semester II
End Semester Examination – June/ July 2010**

Economic Thinking in Agriculture (EAG 221-0)

Instructions

Answer **five (5)** questions selecting **three (3)** questions from part one (I) and **two (2)** questions from part two (II)

No. of questions : Seven (07)
No. of pages : Four (04)
Time : Three hours (3 hrs)
Total marks allocated : 40/100

No

Part II

5.
 - a. Define the following terms;
 - i. Externality.
 - ii. Property rights.
 - b. What do you mean by "Command and Control Approach" towards externalities?
 - c. Briefly explain the Coase Theorem in dealing with externalities.
 - d. "Environment pollution occurs because of lack of defined property rights for public goods". Comment on this.
 - e. Briefly explain the properties of public goods.

6. Write short notes on the following;
 - a. Long run and short run Aggregate Supply curves.
 - b. Goods market and the IS curve.
 - c. Business Cycle.
 - d. Circular-flow of a rupee through the economy.

7.
 - a. What is meant by Aggregate Demand?
 - b. Identify the components of Aggregate Demand with short descriptions.
 - c. Discuss the relation ship;
 - i. Between Aggregate Demand and Inflation
 - ii. Among Aggregate Demand, Income and Inventories
 - d. Distinguish between
 - i. GDP and NDP
 - ii. Gross Investment and Net Investment
 - iii. Government Budget Surplus and Government Budget Deficit
 - e. The following is information from the national income accounts for a hypothetical country

GDP	\$6,000
Gross investment	800
Net investment	200
Consumption	4,000
Government purchases of goods and services	1,100
Government budget surplus	30

What is

- i. NDP?
- ii. Net exports?
- iii. Government taxes minus transfers?
- iv. Disposal personal income?
- v. Personal saving?