

UNIVERSITY OF RUHUNA
BACHELOR OF SCIENCE IN FISHERIES AND MARINE SCIENCES DEGREE
Level III Semester I Examination

July/August 2015

FAQ 3113 - Basic Economics for Aquaculture Fisheries
(Theory Paper)

Time: 02 hours

Answer any **four (04)** questions

- 01). (a) Using an appropriate model explain the factors influencing the demand for durables. (15 Marks)
- (b) Briefly explain the implications of the values of 'coefficient of stock adjustment' (k) and the 'marginal propensity of expenditure for durables (c). (10 Marks)
- 02). (a) What are the factors affecting the demand for a commodity in the market? (10 Marks)
- (b) Consider market demand function and supply function of a commodity given below.
- $Q_d = 100 - 2P$, $Q_s = 3P - 50$, ($Q_d, Q_s \geq 0$), where Q_d is the demand, Q_s is the supply and P is the market price.
- i. Calculate the equilibrium quantity and the price. (03 Marks)
 - ii. Sketch the demand function, supply function and the market equilibrium. (03 Marks)
 - iii. Calculate the price elasticity of demand at the equilibrium price. (03 Marks)
 - iv. If the government imposes a maximum price of Rs. 20.00 per unit, what will be the impact of the intervention? (03 Marks)
 - v. Calculate the producer surplus and consumer surplus at the equilibrium level of the market. (03 Marks)

- 03). (a) Briefly explain the factors affecting the supply of commodities in the market. (10 Marks)
- (b) Using appropriate diagrams, explain the equilibrium production level, profit and the shut-down point of a firm in a perfectly competitive market. (15 Marks)
- 04). Discuss the reasons behind the failure of market mechanism in deciding the price for the commodities with special reference to agricultural and fishery products. (25 Marks)
- 05). (a) Using appropriate graphs, briefly explain the natural equilibrium, maximum biological yield and maximum sustainable yield of a fish stock in a given reservoir. (15 Marks)
- (b) Briefly explain the concept of 'resource rent' and reasons for not achieving the resource rent in open-access fishing. (10 Marks)
- 06). (a) Briefly explain steps of the social science research process. (07 Marks)
- (b) What are the criteria to be considered while selecting a research problem related to the socio-economic aspects of fishing communities? (10 Marks)
- (c) Briefly explain the different methods of collecting data in socio-economic research studies. (08 Marks)

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