

KERALA AGRICULTURAL UNIVERSITY
B.Sc (Hons.) Ag. Programme
IVth Semester Re- Examination- July/August-2015

Cat. No: Econ.2203

Title: Production Economics & Farm Management (1+1)

Marks: 80
Time: 3 hours

I A. Choose the correct answer

(10 X 1 = 10)

1. The principle used under limited capital situation
 - a. Law of Equi marginal returns
 - b. Law of Diminishing marginal returns
 - c. Law of resource substitution
 - d. Law of variable proportions
2. Curve showing the various combination of two resources at a given output level
 - a. Iso resource curve
 - b. Iso revenue line
 - c. Iso cost curve
 - d. Isoquant
3. An example for implicit cost
 - a. Fixed cost
 - b. Cost of seed
 - c. Family labour cost
 - d. Land tax
4. The value of elasticity of production when marginal product is zero
 - a. One
 - b. Zero
 - c. > 1
 - d. < 1
5. A line which passes through the point of tangency of different isoquants and isocost lines
 - a. Isocline
 - b. Ridge line
 - c. Price line
 - d. Expansion path

I B. Indicate True or False

6. In a short run period all costs are variable
7. Marginal rate of substitution is the ratio between change in replaced resources to change in added resources
8. Marginal cost is the cost for each additional unit of input
9. Iso revenue line is the line showing the various combinations of two products at same total revenue
10. Family labour income is the difference between Gross income and Cost A

II. Write Short notes (Any TEN)

(10 X 3 = 30)

1. Complementary and Supplementary relationships
2. Partial budgeting and Complete budgeting
3. Returns to scale
4. Agricultural production economics
5. Average cost curves
6. Compounding and Discounting
7. Marginal rate of substitution and Elasticity of production
8. Strategic decisions and Operational decisions
9. Short run and long run production function
10. Risk and Uncertainty
11. Prime costs and overhead costs
12. Iso-revenue line and Iso- cost line

III. Explain briefly the following (Any SIX)

(6 X 5 = 30)

1. Valuation of farm buildings
2. Cost concepts and Income measures
3. Characteristics of a good farm plan
4. Sum of the year method of computing depreciation
5. Principle of enterprise combination
6. Specialization and diversification
7. Internal rate of return and B-C ratio
8. Mixed farming and specialized farming

IV. Write essay (Any ONE)

(1 X 10 = 10)

1. Define types and systems of farming ? Discuss the different types and systems of farming. What are the advantages and limitations?
2. What do you understand by production function? Explain the stages of production function with illustrations and diagrams. How will you find out the profit maximization point?