KERALA AGRICULTURAL UNIVERSITY
B.Sc. (Ag) 2003 Admission - V Semester Final Examination
July/August 2006

Econ 304
Farm Management Economics (2+1)

Max. Marks: 60
Time: 2½ hours

I. Answer all the questions: **(20 x 0.5 = 10)**

Fill up the following blanks:

1. Farm management is a branch of ---------- which helps to coordinate the limited quantities of land, labour and capital with their alternative uses, on a farm
2. Farm management being an applied field, relies very heavily on the physical and ---------- Sciences.
3. If the services of ---------- resources are not utilized, they go waste as they can not be stored for later use.
4. ---------- is total value product of the enterprise less variable cost attributed to it.
5. ---------- is the change in tot[illegible] to an additional unit of the out put.
6. The change in the total revenue due to the [illegible]st unit of output is termed as ----------
7. The mathematical representation of input –output relation is known as ----------
8. ---------- returns are said to operate when every successive unit of the variable input result in a larger increase in the output as compared to the preceding unit.
9. --------- isoquant assume a limited substitutability between X_1 and X_2 inputs.
10. ---------- is the locus of input combinations that may be purchased with the same amount of cost.

State True of False:

11. When MPP = APP, APP is at its maximum.
12. When MPP = 0, TPP is at its minimum.
13. The elasticity of production can be calculated if MPP and APP are known.
14. Cobb Douglas production function is most widely used in farm management studies all over the world.
15. In a classical production function stage II begins where APP is maximum and ends where MPP is zero.

Choose the correct answer:

16. Earning from the next best alternative sacrificed is known as
    a) opportunity cost. b) marginal cost. c) fixed cost

17. The amount by which the farm resource decreases in value as result of use, wear and tear is known as
    a) depreciated value. b) appreciated value. c) junk value

18. MVP = MIC is a guiding principle used in
    a) factor-product relationship. b)factor-factor relationship. c) product-product relationship

19. The basic function of cash flow statement is to provide information on
    a) timing and magnitude of cash flow. b) profit and loss. c) assets and liabilities

20. The difference between gross income and cost C is termed as
    a)Net income. b) Farm business income. c) Family labour income

II. Answer in one or two sentences: **(14 X 1 = 14))**

1. Pay back period
2. Expansion path
3. Partial budgeting
4. Stock resource
5. Discounting
6. Variable cost
7. Scatter diagram
8. Non cash cost
9. Supplementary enterprises
10. Net worth
11. Isorevenue line
12. Ridge line
13. Isocline
14. Production possibility curve

III. Answer in few sentences(any eight) (8x2= 16)

1. Farm planning
2. Strategic management decision
3. Peasant farming
4. Crop yield index
5. Solvency ratios
6. Price risk
7. Insurance
8. Prepayment capacity
9. Risk bearing ability
10. Breakeven point

IV. Write detailed answers (any five) (5 X 4=20)

1. Discuss the Farm management decision making process with the help of flowchart
2. Discuss in detail the product-product relationship and the procedure to obtain optimum combination of products.
3. What are the different types of risk in farming and discuss the measures to overcome the risk.
4. Discuss the three financial statements and their uses.
5. Define the Law of diminishing marginal returns. Explain the different stages of production function.
6. Explain the different methods of calculating depreciation.