

B.Sc. (Ag.) Honours Semester-VI Examination, 2018

Course No: AEC-321 (Production Economics and Farm Management)

Signature of Centre Superintendent

Roll No. : (in figure) _____ (in words) _____

Student Index No. _____ Regn. No. _____ of _____

Time : 2 Hours

Full marks : 40

Questions are of value as indicated in the margin

Part - I
(Objective and Short Answer Type)
(Use only ball point pen)

Time : 20 minutes

Full marks : 10

- Note:** 1. Answer in question paper itself.
2. Striking, rewriting or overwriting are not allowed in the objective type questions.

1. **State True (T) or False (F) (any six):** 6×0.5=3
- (a) Production Economics deals with Technical efficiency alone.
- (b) At the point $MPP=0$, elasticity of production is 1.
- (c) The optimum combination of products is possible when the marginal rate of product substitution (MRPS) is directly equal to their price ratio.
- (d) Scale relationship implies long run production function.
- (e) Indian Farmers operates in 1st Zone of production function.
- (f) Opportunity cost is the income foregone from the next alternative activities.
- (g) MPP and APP both can be negative.
2. **Fill in the blanks (any fix):** 6×0.5=3
- (a) The assumed cost of using the owned resources is called _____ cost.
- (b) The shape of Average Fixed Cost curve is _____.
- (c) The value of the asset at the end of the useful life is termed as _____.
- (d) The farm produced inputs like seed, FYM etc is valued using _____ method.
- (e) In short run the area between shut down point and breakeven point is termed as zone of _____.
- (f) The expression of total farm plan in monetary terms in the form costs, receipts and profits is called _____.
- (g) At the point of inflection, Marginal Cost (MC) curve will be at its _____ level.
3. **Tick (✓) the correct alternative (any eight):** 8×0.5=4
- (a) Imputed value of *own labour* given by the manager in farm business is part of
(i) Cost A₁ (ii) Cost B (iii) Cost C (iv) Cost A₂
- (b) *Time obsolescence* means depreciation of assets due to
(i) Wear and tear (ii) Out of fashion (iii) Out-dated (iv) Both ii and iii

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(2)

- (c) In *diversified farming* the minimum necessary contribution for livestock is
(i) 10 per cent (ii) 49 per cent (iii) 51 per cent (iv) 0 per cent
- (d) When two products substitute at *decreasing/constant* rate, it is better to produce
(i) One product only (ii) Both products (iii) Stop production (iv) None
- (e) At *Breakeven Point (BEP)* in a farm business
(i) $FC=VC$ (ii) $TC=TR$ (iii) $MC=MR$ (iv) $APP=MPP$
- (f) Which of the following is *not a system of farming*?
(i) State farming (ii) Dry farming (iii) Cooperative farming (iv) Collective farming
- (g) In double entry book keeping all transactions regarding *payment for goods and resources* are entered in _____.
(i) Credit entry (ii) Debit entry (iii) Cash entry (iv) Single entry
- (h) Which of the following represents *comprehensive cost of cultivation*?
(i) Cost A1 (ii) Cost A2 (iii) Cost B (iv) Cost C
- (i) After the point of inflection, the shape of TPP curve changed to _____.
(i) Convex (ii) Concave (iii) Parabola (iv) Hyperbola
- (j) Decision regarding construction of farm buildings, irrigation structure refers to _____ management decision.
(i) Strategic (ii) Operational (iii) Financial (iv) Marketing

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Part - II
(Descriptive Type)

Time : 100 minutes

Full marks : 30

Questions are of value as indicated in the margin

Answer *any four* questions

4. Define planning. Write down the characteristics of a sound farm plan. Distinguish between planning and budgeting. How production function approach is used in farm planning.
1.5+2.5+1.5+2=7.5
 5. Define iso-quant, iso-curve, expansion path and ridge line. Distinguish them diagrammatically. Why iso-quant can't intersect each other? Why economic relevance is achieved only between Ridge lines?
2+2+1.5+2=7.5
 6. Neatly draw the diagram of classical production function with proper label. Explain the relationship between MPP, APP and TPP. Why IInd zone of production is known as zone of Economic relevance?
2.5+3+2=7.5
 7. Define linear programming. What are the goals of linear programming? Write down the components and assumptions of Linear Programming.
1+1.5+5=7.5
 8. Define farm inventory. Write down the method of valuation of different types of farm inventories with suitable example. List out the popular methods of computation of depreciation of farm assets with suitable example. Briefly explain the sum of the year digit method.
1+3.5+2+1=7.5
 9. Write short notes (*any three*)
3×2.5=7.5
 - (a) Co-operative farming
 - (b) Dry farming
 - (c) Partial budgeting
 - (d) Principle of comparative advantage
 - (e) Laws of returns
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