

Agriculture and Forestry University

Semester: Second

Faculty of Agriculture

Full marks: 10

Pass marks: 4

Subject: Farm management and production economics

Time: 45 minutes

1. Write in short:

a. Iso-resource curve

b. Division of labor

c. Expansion path

2. Two examples of each:

	Example 1	Example 2
Joint products		
Factor affecting selection of a enterprise		
Fixed cost		
Skilled labor		

3. Find the MP from the following relation at 20 units of input.

$$Y = 10x - 0.15x^2$$



4. Three stages of production in a graph showing TP, MP, and AP.

5. Optimum condition of production of two outputs in a graph.

6. Draw a graph showing relationship between AVC, MC, and AFC.



7. Write the formula for:

a. Optimum condition of production for two inputs Labor and Capital. Price for labor is wage (w) and capital is interest (r).

b. Breakeven point

c. Optimum condition of production

8. Write in short.

a. Output elasticity = 0.9

b. Breakeven for 4 hours of a machine use

c. What will you do with the production process if the marginal revenue is greater than the marginal cost?

d. Marginal cost is increasing but is lower than average cost.

