

Agriculture and Forestry University  
Office of the Controller of Examinations  
Rampur, Chitwan  
2079, Shrawan

Faculty	Agriculture		
Exam	Regular		
Level	Bachelor	Full Marks	40
Program	B. Sc. Ag.	Pass Marks	16
Year and Semester	1 <sup>st</sup> Year 2 <sup>nd</sup> Semester	Time	2:00 hrs.

**Subject : AEC 102, 3(2+1) Farm Management and Production Economics**

Candidates are required to give their answers in their own words as far as practicable. All questions carry equal marks. Answer any 10 questions.

1. ✓ What is farm management? Discuss the scope and importance of farm management in the socio-economic development of farm households. (1+3=4)
2. ✓ Enlist the economic principles applied in farm management decisions. Discuss when and how an entrepreneur adopts the law of equi-marginal returns in decision-making. (2+2=4)
3. ✓ The relationship between output (Y) and input (X) is  $Y=3000+20X-0.2X^2$ . The unit prices of output ( $P_y$ ) and input ( $P_x$ ) are NRs. 12 and NRs. 15, respectively. Form the production function equation and prices given, estimate the optimum level of production and marginal product and net income at the optimum level of production. (4)
4. ✓ What are the major risks and uncertainties associated with dairy enterprise? How does the adoption of insurance play an important role in risk management of this enterprise? (2+2=4)
5. ✓ What is an income statement? Discuss its importance in farm management. (1+3=4)
6. ✓ How can an entrepreneur assess the growth and development of his/her business? Describe some techniques with their scope. (4)
7. ✓ Define depreciation. A farmer purchased a machinery three years ago with NRs. 300,000. Now he/she wants to sell the machinery. Estimate the price to be offered by farmer to sale the machinery. (1+3=4)
8. ✓ A Farm Manager generally has to make wise decisions while purchasing costly machinery/equipment. Discuss some technique with examples that a Farm Manager can adopt. (4)
9. Discuss the scope and application of linear programming technique in farm management decision. (4)
10. ✓ Differentiate between (with examples) : (2 × 2=4)
  - a. Net worth analysis and Profitability analysis
  - b. Expansion path and ridge lines
11. ✓ Write short notes (with examples): (2 × 2=4)
  - a. Division of labor
  - b. Cobb-Douglas production function

**GOOD LUCK**