

The Open University of Sri Lanka
Faculty of Engineering Technology
Department of Agricultural and Plantation Engineering



Study Programme	: Bachelor of Industrial Studies Honours (Agriculture)
Name of the Examination	: Final Examination
Course Code and Title	: AGM5475/AGM4534 Agricultural Economics and Management
Academic Year	: 2020/2021
Date	: 11.02.2022

1.
 - i. What is meant by the term Gross Domestic Product (GDP)? (5 marks)
 - ii. Write down the formula used to calculate the GDP and name its components? (3 marks)
 - iii. What are the advantages of using GDP as a macroeconomic indicator of an economy? (5 marks)
 - iv. Briefly discuss the disadvantages of measuring economic development using the GDP? (7 marks)

2. Briefly discuss three (03) of the following agricultural policies in relation to sustainable agriculture. (10 marks each)
 - i. Investment on organic fertilizer production.
 - ii. Fertilizer subsidy
 - iii. Import tax on erosive crops (e.g. potato)
 - iv. Ban on Glyphosate and food security
 - v. Printing money and inflation

3.
 - i.
 - a. What are the six (06) functions of farm management? (2 marks)
 - b. Briefly explain three (03) of the above functions. (3 marks each)
 - ii.
 - a. Briefly explain the "Farm Household System" (3 marks)
 - b. Name performance criteria for evaluating a farming system (2 marks) and briefly explain three (03) of the criteria (3 marks each).

4. Suppose a farmer wanted to cultivate one hectare of pineapple and she spent Rs. 500,000 to establish pineapple plants in the field (land preparation + machinery + planting material labor + labour). She will have to spend Rs 20,000 annually as O&M costs from the second year. Suppose the project ends in six years and the yield from the second year of pineapple (kg/ha) are as given below and selling price of Pineapple is Rs. 100/kg.

Year 2	Year 3	Year 4	Year 5	Year 6
19,500	20,000	21,000	21,000	21,000

- i. Develop the cost stream, benefit stream and net cash flow stream (5 marks)
 - ii. Calculate B/C ratio, NPV (assume a 10% discount rate) (10 marks)
 - iii. Describe how the IRR can be calculated (5 marks)
 - iv. Comment on your results (5 marks)
- 5.
- i. Distinguish between the market valuation and nonmarket valuation techniques. (3 marks)
 - ii. List down the market valuation techniques that can be adopted in environmental valuation. (2 marks)
 - iii. Explain two (02) of the techniques indicated above (10 marks each)
6. Write short notes on five (5) of the following topics (25 marks)
- i. Positive, normative and perspective economics
 - ii. Three big questions of economics
 - iii. Fiscal policy and monetary policy
 - iv. Liquidity and solvency
 - v. Micro financing and micro financing institutions Partial budgeting
 - vi. Structural unemployment and cyclical unemployment