



The Open University of Sri Lanka

Faculty of Engineering Technology

Final Examination- 2005

AEM 4234/AED 2208 Agricultural Economics and Management

Date : 17-04-2006
Time : 0930 - 1230

SECTION 2: Answer only four (04) questions

1. (i) Briefly explain the importance of labour as a factor of production in agriculture.
(ii) Labour requirement in agriculture is highly seasonal. Two ways of facing this situation is to have
 - (a) Contract labour
 - (b) Machine poolDescribe the advantages and disadvantages of these two methods.
2. (i) Agriculture is a risk prone (risky) undertaking. Describe the risk elements associated with Agricultural production/enterprises.
(ii) However, it is possible to minimize the risk by adopting
 - (a) Investment strategies
 - (b) Agronomy practicesDescribe these two methods of minimizing the risk in agriculture.
3. "Farmers are considered to be good allocators of resources". Explain the observation with respect to a rural farmer whose livelihood depends mainly on Agriculture.
4. An innovation is a change of practice in agriculture. But, most farmers do not adopt such innovations therefore, only a small percentage of farmers fall into the category of 'innovators'.
Discuss, giving examples, how the percentage of innovators can be increased through effective extension services.
5. Write short notes on any three of the following topics.
 - (i) Project cycle
 - (ii) Benefits of farm accounts
 - (iii) Debt-equity ratio
 - (iv) Information sources in agriculture
 - (v) Productivity of labour