



The Open University of Sri Lanka
 Faculty of Engineering Technology
 Diploma/Degree in Technology & Industrial Studies (Agriculture)
 Final Examination- 2011/2012
 AEM 4234 Agricultural Economics & Management.

Date : 19 -03 - 2012
 Time : 0930-1230 hours
 Duration : Three (3) hours.

SECTION II

1. (i) What is understood by the term GDP? (10 marks)
 (ii) What are the components of GDP? (5 marks)
 (iii) Briefly explain the disadvantages of measuring economic development using the GDP? (10 marks)
2. Briefly explain the importance of the followings with relation to sustainable agriculture.
 - (i) Fertilizer subsidy and food security (12.5 marks)
 - (ii) Import taxes and agricultural production (12.5 marks)
3. (i) Discuss the importance of record keeping in a farm enterprise (12.5 marks)
 (ii) **The effectiveness of an organization depends on the behavior and performance of human resources.** Discuss. (12.5 marks)
4. Suppose a farmer wanted to cultivate one hectare of Banana and he spent Rs. 30,000 to establish banana plants in the field (labor + machinery + planting material). He will have to spend Rs 10,000 annually as O&M costs from the second year and gross benefits from selling banana have been calculated as Rs. 4500.00, 11210.00, 23310.00, 39282.00 and 42210.20 respectively. Suppose the project ends in six years.
 - (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) and the IRR (15 marks)
 - (iii) Comment on your results (5 marks)
5. Write short notes on four (4) of the following topics (25 marks)
 - (i) Inflation
 - (ii) Cyclical unemployment
 - (iii) Structural unemployment
 - (iv) Rural credit
 - (v) Market failure
6. Sustainable agriculture is crucial in development. Discuss (25 marks)