

**EASTERN UNIVERSITY, SRI LANKA**  
**FINAL YEAR, FIRST SEMESTER EXAMINATION IN**  
**AGRICULTURE -2008/2009**



**AEC 4112: AGRIBUSINESS MANAGEMENT**

**Answer All Questions**

**Time: 2 hours**

1. Marketing is a very vital function for all businesses. But **Agricultural Marketing** and the marketing system differs from others in many ways.
  - I. Define marketing in the context of Agricultural Marketing (06 Mks)
  - II. In what ways does the Marketing of Agricultural Products differ from the marketing of other products? (06 Mks)
  - III. Agriculture is the major livelihood of the rural population. Identify and list the problems faced by rural farmers in marketing their products. (06 Mks)
  - IV. Identify a rural agricultural product, and advise the farmer on how to increase the marketability of that product in order to get a good return on investment. (07. Mks)

**(25 Marks)**
  
2. A country or a farmer who produces primary goods is always poor and are forced into the "**Vicious Cycle of Poverty**". Value addition is a concept that is being strongly advocated among the farmers to get away from this "**Vicious Cycle**".
  - I. What is value addition? Explain it with an identified product from your area. (07 Mks)
  - II. What are the problems faced by farmers in adding value to their primary products. (05 Mks)
  - III. Explain the costs and benefits of value addition to products with numerical support. State your assumptions for this. (06 Mks)
  - IV. Product development has been identified as one of the marketing strategies. Explain how value addition helps in product development for increasing the sales of the product. (07 Mks)

**(25 Marks)**

(contd....p.02)

3. Calculating the **Cost of Cultivation** is important for the farmer in fixing the price for his products, or to decide what product to cultivate / produce. (03 Mks)
- I. What do you understand by the term "**Cost of Cultivation**"? (05 Mks)
  - II. What are the major cost components of "**Cost of Cultivation**"?
  - III. Rural farmers, due to lack of accounting knowledge does not take into consideration a few cost components in calculating their cost of cultivation. Identify such costs that are omitted by the farmers. (05 Mks)
  - IV. Using standard assumptions, calculate the **Cost of Cultivation** for one hectare of paddy in your area. (05 Mks)
  - V. Differentiate between **Cost of Cultivation** and **Cost of Production** of a farm product. (05 Mks)
  - VI. Using normal yield, calculate the **Cost of Production** of one kilogram of raw paddy. (02 Mks)
- (25 Marks)

4. Answer the following questions **briefly**.

- I. Explain how the time utility for agricultural products is created.
- II. What do you mean by a business?
- III. What are the major functions of management?
- IV. What are the components of a Business Plan?
- V. List out the main personal competencies needed by an entrepreneur in Agribusiness? (05 X 5 = 25 Marks)