



Time allowed: 03 hours

Answer ALL the questions

1) a) What do you understand by the term Farm Management.

Briefly discuss its role in efficient resource management in agriculture today.

b) Briefly discuss the differences between Agricultural Economy and Industrial Economy.

c) List down the steps involved in decision making process.

2) a) What do you mean by Farm Records

b) List down the different types of farm records maintained on a farm

c) Briefly discuss any three valuation methods known to you.

d) Assume that a new tractor is purchased on January first for Rs. 300,000 and given a salvage value of Rs.50,000 and a useful life of 10 years, what would the annual depreciation be for the first two years under each depreciation method given below.

i) Straight line method

ii) Sum of year's digits method

iii) Double declining balance method

3) a) Explain clearly the terms

i) Net Present Value (NPV)

ii) Pay Back Period (PBP)

iii) Internal Rate of Return (IRR)

b) Define production function, Draw the neoclassical three stages of production based on APP and MPP functions and describe it.

4) - You are given the following information extracted from 'Sivam' Trade as at 31.12.2000.

The Trial Balance

<u>Items</u>	<u>Debit</u>	<u>Credit</u> ★
Opening stock at 01.01.2000	50,000	
Purchases	200,000	
Return outward		10,000
Sales		420,000
Returns inward	20,000	
Carriage inward	15,000	
Salaries paid	35,000	
Selling and distribution expenses	20,000	
Discount allowed	6,000	
Discount received		15,000
Advertisement charges	8,000	
Bank loan interest paid	2,000	
<u>Fixed Assets as on 01.01.2000</u>		
Land and buildings (at cost)	250,000	
Furniture (at cost)	80,000	
Van (at cost)	150,000	
<u>Provision for depreciation 01.01.2000</u>		
Land and Buildings		40,000
Furniture		18,000
Van		10,000
Trade debtors	65,000	
Trade creditors		55,000
Bad debt	12,000	
Provision for doubtful debt at 01.01.2000		2,000
Bank balance	32,000	
Cash in hand	25,000	
10% loan from bank		100,000
Capital		300,000
Total	Rs. <u>970,000</u>	Rs. <u>970,000</u>





The Company also provided the following additional information.

- 1- The closing stock on 31.12.2000 was Rs.75,000
- 2- Provision for depreciation on fixed assets for this year are to be made as follows
 - Land and Building – 5% at cost
 - Furniture - 10% at cost
 - Van - 10% at cost
- 3- A provision for doubtful debt is to be made at 5% on debts outstanding
- 4- Salaries payable on 31.12.2000 was Rs. 10,000
- 5- An advertisement charge paid in advance was Rs. 1000.

You are required to prepare

- a) Sivam Trade's Trading and Profit and Loss Account for the year ended at 31.12.2000.
and
- b) The Balance Sheet as on 31-12-2000.

5) Write Short Notes on the following

- i) Cash Book
- ii) Partial Budgeting
- iii) Product – Product relationships

6) a) Explain clearly the following terms:

- i) Risk
- ii) Expected Monetary Value (EMV)
- iii) Expected Utility (EU)

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b) The following data gives the probability distribution of the Net Returns to two varieties of rice and the farmer's utility function. Using the concepts of Expected Monetary Value and Expected Utility, calculate the choices that farmers would make between the two varieties of rice.

Probability distributions

<u>Variety H-4</u>		<u>Variety Bg 34-8</u>	
Net Returns (Rs./ha)	Probability	Net Returns (Rs./ha)	Probability
1000	0.2	500	0.1
2000	0.3	1500	0.2
3000	0.3	3000	0.4
4000	0.2	5000	0.3

<u>Net Returns (RS.)</u>	<u>Utility Function</u>
500	0.1
1000	0.2
1500	0.4
2000	0.5
3500	0.7
4000	0.9
4500	1.2
5000	1.5
