



**EASTERN UNIVERSITY, SRI LANKA**  
**SECOND YEAR FIRST SEMESTER EXAMINATION IN AGRICULTURE- 2008**  
**AEC 2101: APPLIED FARM MANAGEMENT (THEORY)**

**Answer All questions**

**Time: 1 Hour**

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1. a) Write a brief account on Decision making process.  
b) What do you mean by marketing risks?  
c) List the production risk tools.  
d) What is crop/ livestock insurance?
  
2. a) What do you mean by a farm record?  
b) Discuss the purpose and use of farm records in farm management.  
c) Briefly discuss the valuation methods used in farm management.  
d) List the objectives of farm management

Let  $X_1$  and  $X_2$  be two inputs and  $Y$  be the output.  $Y$  is related by the production function shown below:

$$Y = 5X_1 + 0.1X_1^2 + 0.4X_2$$

1. If the input  $X_1$  is fixed at 5, find the value of  $X_2$  for maximum  $Y$ .
2. Find the level of  $X_2$  when  $AP = 0$ .

What do you understand by the term "Investment Analysis" and briefly explain any 2 methods of analyzing and comparing investments?

Find the most profitable investment by using the Net Present Value (NPV) method using the information given below for investments A and B.