



**NATIONAL OPEN UNIVERSITY OF NIGERIA  
FACULTY OF AGRICULTURAL SCIENCES  
SECOND SEMESTER EXAMINATION  
JANUARY/FEBRUARY, 2018**

**Programme: Agricultural Extension and Management**

**Course Title: Agricultural Production Economics & Resource Management**

**Course Code: AEC 403**

**Credit Unit: 3**

**Total Score: 70 Marks**

**Time Allowed: 3 Hours**

**INSTRUCTION:**

**Answer Compulsory question 1 ( 30 marks) and any 4 questions (10 marks each).**

1. (a) Give a concise definition of agricultural economics and itemize six (6) areas of its specialization. **5 marks**  
(b) i. What do you understand by price mechanism? **2 marks**  
ii. Explain three (3) limitations of the Price system in a perfect competitive market. **3 marks**  
(c) Differentiate between gross margin and farm profit. **5 marks**  
(d) List five (5) major methods for valuing farm capital resources. **5 marks**  
(e) Define the following economic concepts and relate them to both microeconomics and macro-economics: scarcity, resource, allocation, specialization and opportunity cost **5 marks**  
(f) What are the five (5) basic roles of Prices in a Perfect Market **5 marks**
2. (a) Write short notes on the following analytical tools of production economics  
i. Econometric method  
ii. Linear Algebra and its extension to linear programming **5 marks**  
(b) Define Production, and explain capital as a factor of production. **5 marks**
3. (a) Explain the concept of comparative advantage and its application to Nigeria. **5 marks**  
(b) Brief discuss on Factor – Factor Relationship. **5 marks**
4. (a) Itemize the three (3) basic substitutions among inputs and products and explain one. **5 marks**

(b) Explain the meaning of the following products relationships:

- Complementary Products
- Supplementary Products

**5 marks**

5. (a) Discuss the relationship between Private and Social Costs.

**5 marks**

(b) Explain revenue and list its types.

**5 marks**

6. (a) Discuss on depreciation and give its importance.

**4 marks**

(b) What are the three (3) objectives of resources management.

**6 marks**

7. (a) Write on five (5) uses of linear programming.

**5 marks**

(b) List five (5) assumptions of linear programming.

**5 marks**